



Daily Report

Latin America

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

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Cuba

Castro Congratulates Ortega on 10th Anniversary PA2207211989 Managua BARRICADA in Spanish 21 Jul 89 p 4

[Congratulatory message from President Fidel Castro to Nicaraguan President Daniel Ortega on the 10th anniversary of the victory of the Sandinist Revolution; dated 19 July]

[Text] Havana, 19 July 1989
"31st Year of the Revolution"
Comrade Daniel Ortega Saavedra
Commander of the Revolution
President of the Republic of Nicaragua
Dear Comrade:

It is with a deep sense of admiration and fondness that I, speaking on behalf of the Cuban people and Government, send to you, and through you to the fraternal Nicaraguan people, our sincerest and fraternal congratulations on this 10th anniversary of the triumph of the Sandinist people's revolution. The victory you achieved on 19 July 1979, thanks to the efforts and sacrifices of Nicaragua's best sons, has become a symbol of hope and encouragement for peoples struggling for freedom, progress, and release from imperialist control and exploitation.

The Nicaraguan people's bravery and determination has also made them the main participants in the historic battle of the past 10 years against the mercenary invasion, the attempted subversion and destabilization, and the brutal economic aggression imposed upon you by the empire in its effort to topple the revolution. These actions have cost the Nicaraguan people much grief and sacrifice.

I am convinced that once again the Nicaraguan people, guided by the Sandinist National Liberation Front, will emerge victorious in the new phase in which they must confront and succeed in complex political, economic, and diplomatic tasks.

Upon reaffirming my confidence in your ability to overcome difficulties, and recognizing the great effort the Sandinist revolution is making to achieve a climate of peace and understanding in Central America, I wish to reiterate the Cuban people's decision to continue to strengthen and develop the ties of brotherhood that unite us.

Long live Sandino's dignity, Carlos Fonseca Amador's honor, and the eternal memory of those who have fallen during these years of struggle and sacrifice.

With my highest regard and appreciation,
Fidel Castro Ruz
President of the State Council and the Republic of Cuba

Castro Inaugurates Havana Polyclinics FL2207152589 Havana Radio Rebelde Network in Spanish 2335 GMT 19 Jul 89

[Speech by President Fidel Castro during the main ceremony inaugurating six polyclinics and a home for the elderly in Havana City held at the Wilfredo Santana Rivas Polyclinic in Habana del Este—live]

[Text] Comrades from Habana del Este, I imagine there are also some people here from Guanabacoa and from all over the province, is that not so? Especially from [Unidentified person, interrupting: From hospitals and polyclinics.] Oh, from hospitals and polyclinics. So we have the entire hospital family here and also construction workers.

Is there a problem there? [laughter] [Castro addresses unidentified person] Do you want to come and speak here also? He doesn't even need a microphone with the voice he has. What? He wants to give me a pen? He has to deliver a speech here if he comes to the stage. Let him come, let him come. [repeats] Help him come up. [applause] [Castro addresses unidentified child] Come, come. First give me a hug and then give me the pen. [applause] [Passage indistinct] Very well.

Do you know something? He is made out of lead. [laughter] Are you made out of lead? You could be a boxer, weightlifter, or wrestler. Were did you get this pen? Is it yours? It's new. Is this really a gift? Were you the one calling: Fidel, Fidel, Fidel? What are you going to tell the people now? Good morning or good evening? What are you going to sing? [Child says: Nothing.] What is your name? Can't you tell me your name? You don't know your name. [laughter] Where do you live? [Child says: Fourth Street.] Where? [Child repeats: Fourth Street.] Fourth Street. What's the address? [Child says: 3223.] Oh! So, what would you do if you got lost in Havana and were by yourself? What would you do? You already know your address. Fourth Street, 32 what? [laughter] 3223? What is it? But, in which neighborhood? [Child answers: Bahia.] Oh. It's in this same one we are in now, isn't it? No, over there. Very well, very well. Thank you very much, son. Very well. [applause] He is made out of lead. He weighs a ton.

Well, it doesn't rain here but it doesn't stop raining either. It is just sprinkling.

I was going to tell you that other comrades have already mentioned many of the things I could talk about. The comrade who is second in line responsible for minibrigades explained what they were doing and what they have done. He explained what they have done in the entire city. He recalled that precisely here in the east, around Habana del Este, in Alamar, was where the minibrigade movement got started. Also, Comrade Frank Tobey [Havana City Province health provincial director] explained to us some interesting figures related to health in the capital.

Some results are pretty impressive. They say infant mortality is at 10.8 this year compared to around 13 last year. They have also dared to attempt to reduce the infant mortality rate in the capital to less than 10. It will be a true feat if they achieve it. We would have to find out the index Washington has in order to compare them. I do not believe they are at the level Cuba's capital has.

We read the news about violence, murders, drugs, and all those types of situations there in the U.S. capital. We know that many rich people live next to many more poor people who live under difficult conditions. There is a black population that is discriminated against. It has a larger unemployment rate. Logically, I imagine there must be two mortality rates, one for whites and another for blacks. The one for whites is probably very low. Not for all of them because there are also whites who are poor, walk around the streets begging and all that. They don't have a place to sleep. Of course, there is also an entire rich oligarchy that has access to good hospitals—not better than these we are building. Rich people surely have hospitals and services similar to these. Poor people have none of this. Since most of the black population is poor it does not have access to these services.

Frank Tobey was saying that only socialism can do this. I do not believe this is a propaganda statement. I do not believe so. It can be shown very easily. I believe these programs we are inaugurating today show it. He was saying that we have inaugurated six polyclinics and a home for the elderly. We visited those six polyclinics today. Some were finished recently, others a few weeks ago, and others 2, 3 months or more ago.

As he was explaining, with these 6, we have 9 of the 20 new polyclinics that compose the program in the capital. The minibrigade comrades made the commitment to complete the remaining 11 this year. I believe they will finish them. It will be necessary to give them some help. It will be necessary to guarantee them construction material. Undoubtedly, we will have the 20 needed polyclinics by the end of the year, the 20 new ones. It is not that the number of polyclinics will increase but most of them replace the polyclinics that did not have the adequate buildings and resources to provide services.

He was saying that there will be 78 in all. This confuses me a bit. I thought there were 74 polyclinics in the capital plus some such as, for example, the Antilla de Acero, which is a special polyclinic that is not for the population but for factory employees. Frank? [Unidentified speaker: Words indistinct] Oh, 16 replace others and there are 4 new ones. The one at Antillana de Acero is not included in the 78. It is not included. So, the figures have been clarified; 16 replace old installations and 4 are completely new. We will have 78 polyclinics in the capital with adequate installations.

We will have to continue doing something regarding polyclinics. We saw many interesting things during today's tour. First of all, we saw a staff that is very

dedicated to its work. I observe the staff that works at the polyclinics a lot; the director—male or female director—and the deputy director—male or female deputy director—people with different responsibilities, the male or female secretary of the nucleus, the trade union, the UJC [Union of Young Communists], that is, people from all areas represented in the center. I saw a lot of people filled with a great love for what they are doing. They are well trained people. They are enthusiastic people. A great humane and technical quality can be seen in them. It can be said that this characterizes the staff that works in these polyclinics. Undoubtedly, one sees an activity that creates interest, enthusiasm, and love in the workers.

Of course, we were able to see the quality of the construction equipment and services provided. Some are completely new and very necessary—for example, the physical therapy services. They did not exist in polyclinics. When some citizen needed those services they had to go to one of the few hospitals that did have them. Physical therapy services had been concentrated at the Julio Diaz Hospital located at the Boyeros neighborhood. Some time ago, we started to work on the idea to develop these services. We thought it was important. Every day we convince ourselves more of their importance.

We built the first polyclinic in Lawton as an experiment. This is where we began to test the family doctor concept. The information the hospital management gave regarding the progress of those services showed a very interesting thing: first, the enormous need for those services. Thousands of people had gone through there in a few months. We estimated that hundreds of thousands of people needed those services in the capital—hundreds of thousands. It had already been decided to establish physical therapy services in each new polyclinic. There is something else. Not only physical therapy services would be established but also a physical therapy gymnasium. They are two different things. Physical therapy services can be established without the gymnasium. Physical therapy uses infrared rays, diathermal rays, heat, ultrasound, and a variety of things. It is better rounded when physical therapy services and the physical therapy gymnasium are available. It is better rounded.

These 20 polyclinics—some have already been inaugurated and others are to be completed this year—all have physical therapy services and the physical therapy gym. They have trained and qualified personnel. In addition, the staff is young. Undoubtedly, they will acquire a lot of experience in this field with the course of time. We have also done something. After the one in Lawton was built, physical therapy services were established in 17 other polyclinics even though they do not have gyms.

In our tour through Playa, over in Santa Fe, and later in Arroyo Naranjo—especially in Arroyo Naranjo, San Miguel del Padron, and El Cotorro—I was told the same thing in the three places. I was told: You can imagine how this service is here because it is the only one we have in the municipality.

I was told this in each one of these municipalities—I repeat, in Arroyo Naranjo, San Miguel del Padron, and El Cotorro. Among the polyclinics we inaugurated today were those three. Those are the first polyclinics they have. I was told they come from everywhere in the municipality to receive those services. How many people have received services? I was told that thousands have already received services—thousands. They say the polyclinic is a blessing for the municipality. They didn't have a place to go. They used to have to go to far away hospitals. They had to go to the Julio Diaz Hospital. The polyclinic is extremely important.

Other polyclinics are going to be built in some municipalities. They are going to have two services. I started to get interested there in the situation of the other polyclinics, the ones that are not new. I asked the party leader in each one of them about the ideas he had. Of course, I was saying that there are 18 of the old polyclinics where physical therapy services have been established, 18. How many would there be in all? Thirtieth-eight. This service needs to be established in 40 polyclinics. Not only this. Our idea is that all 78 of them not only have physical therapy services but also the physical therapy gym.

Of course, everything is easy when you build a new building. Look at this 100-meter track. I believe some Pan-American Games competition could be held at this polyclinic's track. I do not know if there will be a day when the polyclinics will hold competitions for those over 40, 50, or 60. The track would be good for any competition and it is very pretty.

It is easy to create services when the building is new and there is enough room because what a headache it would be if some were built in Habana Vieja. We would have to build behind the facade because construction is done behind the facade so that the architecture which is full of cultural value is not altered. It is more difficult in Centro Habana. But I believe solutions can be found to reach the goal of establishing the service. The physical therapy service can always be established inside the polyclinic. There is always an area for it. The physical therapy gym is the one that can be a little bit more difficult. It can be placed next to the polyclinic in some cases and half way down the block in others. If space cannot be found or there is not a lot next to it, then it can be located a little further. In sum, the physical therapy gym is extremely important for the quality of medical services.

The age of the population is increasing although often times young people need these services. Ask the olympic team athletes. They need physical therapy services very often. I believe this benefits people of all ages although, of course, those who are a little older possibly need these services more. I am not included among them. [laughter] I exercise and try to administer my own physical therapeutic, physical therapy [corrects himself]. What would

that be called? Not physical therapy but physical therapeutic. What is that science called? What? It's all right. We will assign the task to the language academy to look up that word.

I was talking to Lezcano [first secretary of the Communist Party of Cuba in City of Havana Province] about our new goal. What else do we have to do in the area of polyclinics? We need to speed-up the physical therapy services and gym program I mentioned. I know that our workers, our brigade workers can do this. It is easier than a family doctor house-office. If they are building 400 family doctor house-offices this year, each can build three rooms for physical therapy gyms. It is a relatively simple task for minibrigades.

Of course, when our network is completed, all this primary care provided through polyclinics will be complemented by the family doctor. It is what will really—how do you say?—top it off for the capital's primary medical services once we have all the family doctors needed. There are many polyclinics that have their areas covered by family doctors. Their entire areas are covered by doctors who studied this. They are not doctors who graduated and simply began to acquire practical experience but they are doctors who after a year they begin to study to become specialists in general comprehensive medicine. They will always continue taking courses; they will continue to study.

So, in the future all this group of young doctors will compose a big group of expert doctors who will bring something truly extraordinary to the health services of our capital. This has been said. This will be achieved with the support they have in the polyclinics.

Frank mentioned some interesting figures. He said over 60 percent of the population already receives the family doctor services but 65 percent of the population will be reached this year. Fewer house-offices are being added because family doctor house-offices are larger and more resources and work is involved. This is why we have reduced the number of house-offices and have increased the number of family doctors we send to work centers, schools, and child care centers.

We will send 50 doctors to child care centers this year. They already had two nurses and now they are going to have a doctor in addition to the nurses. We are also going to send doctors to a number of work centers, to bus terminals, among them, in order to guarantee efficient medical services there. This will contribute to the program we are carrying out to improve transportation services and consolidate the achievements reached during the last few weeks. The family doctor program will continue. Those programs that provide services to the community have priority.

We are also planning to send them to work centers, all child care centers, schools, everywhere the population goes. We are combining the services now. The ability to

reach 65 percent of the population is a high, very high figure. We will have reached it in only 5 years. Only 5 years ago we had 10 doctors and now we have over 2,000. Naturally, this is going to put our country's population, therefore also our capital's population—we are talking about the capital today—in a privileged position regarding medical services. We will even be able to say then that it has the best medical services in the world. The best medical service in the world, here.

We already begin to have it. It can be seen in the health indexes. Since nobody has.... [changes thought] We were the first ones to develop this family doctor concept in primary care. We complement this with the polyclinic network and, at another level, with the clinical-surgical and specialized hospitals. We will definitely have top-rate services covering the whole age spectrum, from children all the way to the elderly.

This is also complemented with some ideas being developed such as the grandfather clubs. This is also something new. Young people have a lot. [Unidentified speaker: Words indistinct] But they have youth, is that not enough? Young people have been assigned to develop the country, they need to ask for little and do a lot. [applause] [chuckles] They say they don't have a lot of things for entertainment. I believe they were referring to a movie theater. That it was unfair. They wanted a small movie theater or a video viewing room. It appears as though this young lady who has such a strong voice.... [changes thought] I don't know if she works in a minibrigade. Forty-one? You look very young. [laughter] I said 41 but, of course, one is young at 41.

But look, you are just a few meters away from the Pan-American Games facilities. There is an olympic stadium, there are tennis courts, swimming pool complexes, and a velodrome. These are things that this country didn't have anywhere. What will the people from Baracoa say? What will the people from Baracoa say? [repeats] In addition, there is a hotel, a new neighborhood for workers, the eastern beaches are close by, there are good communication systems, polyclinics, schools, jobs. Where else in the world do young people have all this? [applause]

Of course, it is better to talk about the elderly. For example, we need homes for the elderly. We visited one today. It was built around a house that became notorious near here in Celimar. It is a pretty area. Architects and construction workers worked on it. They expended it and a home for 100 elderly people was created. We were there. We talked with them. We saw the comfort they have there. They expressed their appreciation with deep emotion. Their appreciation was not needed. One does not need to be thanked for fulfilling one's duty. But, in a way, they expressed their acknowledgement to the attention the Revolution attempts to give to the elderly.

The two stages of life, childhood—a child such as the one that came here to the stage—and old age.... [changes thought] His name is Lenin? What a good name! Great! Now more than ever it is good that his name is Lenin. [applause] It is good that there are children named Lenin now that imperialism believes that socialism is declining. Imperialism and capitalism are the ones that are declining, not socialism. This is what imperialists dream about because their decline is ordained by history.

We were saying that we saw 94-year-old women. Figure out what is a life after experiencing 94 years of work and dedication to something. We saw there people with the strength they have left and how they struggle and live with the strength they have left.

A visit to a child care center and a home for the elderly shows us the two opposite ends of life, the two sides of life. They are living there. They obviously do not have a place to live and obviously do not have someone to look after them. Curiously, I saw that they were happy. The workers said they were very happy. It must be great for a 94-year-old person to be able to say he is happy at that age. I was also told that not only elderly people who are alone live there. There are also elderly spouses there, elderly couples, who have their own room. I was thinking, what a noble task that is. Where would those human beings be now and how would they be without that home? How would they be?

I hope that the 41-year-old young lady who was asking for things for young people will not need a home for the elderly to be cared for in 53 years. [applause]

Going back to our subject of health, I was talking about the significance of these programs. I did not mention a part of these programs, dental services. Each one of these polyclinics have dental offices with excellent chairs and with new and very well-trained personnel. I believe the person responsible for health at the Arroyo Naranjo Municipality was telling me that we only had 24 dental chairs in the municipality a few years ago and now we have 80 available to provide services to the population of almost 200,000. This shows the progress made. They only had 24 dental chairs a few years ago and now they have 80. They are going to continue to increase. Another polyclinic is being built there. They are truly very well-rounded institutions.

I was saying that polyclinics are a complete concept in medical services. Not only medical institution but research centers are also making important achievements. For example, they have developed an excellent medication to treat burns. They developed it after the unfortunate accident in the Soviet Union in which two trains caught fire because of a gas leak. We immediately sent almost everything we had here. We sent 80 percent of our supplies to treat approximately 200 patients. We are satisfied with the way in which the Soviets recognized the quality of this medication and the way in which they recognized our medical achievements.

Currently, our country has—and it is the only country in the world that has it—the vaccine against meningococci type B. The demand abroad for this vaccine is growing. It is growing a lot. Thus, we are forced now to increase the production of this vaccine not only for our own needs but also for the demand that has been created. Research centers are working very hard in this field. Factories and the steelworking and electronic industry are working on the development of new equipment for our medical services. We are truly on the path toward becoming a medical power.

We have inaugurated important hospital projects recently, the Miguel Henriquez Hospital, for example, and the Albarran Hospital. The Marianao Children's Hospital is about to be inaugurated. This is also the case for the intensive care room at the Salvador Allende Hospital. Somebody talked about it here. He said that it only needs the elevators, which already arrived and are being installed. So, these projects will be ready to be inaugurated in the next few weeks. I am only referring to these big projects but there are tens and tens of other mid-size projects in the field of health that are being developed.

Yes, we will be a medical power. We have no other choice than to be a medical power; not because of what has been said, not because of what has been said [repeats] but because of what has been done. This is already taking us to the level of medical power. We are making more progress in the capital but this does not mean that excellent health services are not available in the rest of the country. They do exist. Statistics show it. The mere fact that infant mortality rate in several provinces is lower than that of the capital shows it. Now the capital is making efforts to reduce it to less than 10. We still have some municipalities with larger indexes.

Undoubtedly, we will improve health conditions as we solve sanitary problems; as we improve the city's environment; and as we have better sewage and other services; and above all, as we have better housing and housing conditions. We are working on all these things to improve health conditions.

The minibrigade member talked here about other projects. He mentioned what they are doing for the Pan-American Games, housing they are building in Habana del Este alone. He mentioned the special education schools, the child care centers they had completed—10 child care centers in this area. We are almost saturated of child care centers.

There are three programs that have been completed or about to be completed. The child care center program has been completed. The number of child care centers that need to be built per year is much lower. This depends on increasing needs but, basically, the child care program has been completed.

The polyclinics program will be completed this year. We will have completed three full programs with the other important program, the special education schools program. We plan to finish 24 this year.

The bakeries program is being fulfilled with the building of the 100 that had to be built. This was done to make bread more easily available to the population—that old tradition. It was shown that big bakeries did not solve the problem of those semi-primitive bakeries, of the not very industrialized bakeries. This is undoubtedly the formula to solve that problem.

There is also an ambitious program this year consisting of 156 produce markets to complete the produce market network. This is an important program. It will be completed this year or perhaps it will take a few months next year. I repeat, they are 156. We will then have over 400 places in the city to distribute tubers and vegetables.

There is also a program for market centers (mercados concentradores) that will be built within a few months. Very rational measures are being implemented so that some enterprises will supply the produce markets directly. Citrus, for example. Citrus will go through market centers only for accountability but citrus will not be touched. It will already come packed and will go to the produce markets, or little markets, or whatever you want to call them. Other produce such as banana will also come directly from the enterprise. It will hardly be handled. It will have the minimum of handling at the market centers. This is a truly rational method of distributing produce. This is added to the plans to increase the production of tubers and vegetables in Havana Province and the entire country—tubers, vegetables, and fruits.

This is an important program that is under way. This program was created this year. It was added to the plans the city had.

Another important program being accelerated is the bus terminal program. Eight were needed and three were being built. They were supposed to be completed in 1991 but we said: Let's build them in 1989. This involved an extra effort to solve some of the problems. The eight terminals are being built.

There are forces that.... [changes thought] For example, the brigade that built this polyclinic, the Suarez Gayol, finished here, worked in the sugarcane harvest, and after the harvest—the Blas Roca contingent did the earthwork—the Blas Roca contingent was completing the earthwork when the Suarez Gayol brigade laborers began to build the Santa Fe bus terminal. They are working in two shifts. They are working 24-hours a day with two shifts. One of the laborers was here. We had the honor of having him here on stage. He said: If we are supplied with the materials, we will finish the project this year. He said it with a lot of conviction and firmness. They know what they are capable of doing.

The 24-school program I mentioned earlier will provide the capital with all the special education schools it needs. One has to see what these special education schools are. If we spoke of the elderly we can also speak about the special education school that is located here in Guanabacoa. It is a school for children who have eyesight problems. I am not talking about blind children but those who are visually impaired. Those children could lose their sight without those schools. One has to see those children. One has to also visit those schools. It is another side, another part of society's problems. It is not these children's fault that they came to the world with some of these problems. It can happen to anyone.

One has to see how those schools are, the specialists, the equipment, and the teachers they have. One has to see how they are taught, how they are educated, and how they are cured. They don't simply teach them how to read and write at that school but the children are taught and are helped to practice the necessary exercises to solve their problems and become normal children in the future. Look how important these programs are among the many the Revolution is working on now.

There are other schools for children with behavior problems, with hearing problems, some kind of mental retardation, or blindness. There is help and a response for all these children. This is the Revolution; this is socialism.

Comrade Frank Tobey was completely right. I ask myself how would this be possible in socialism [corrects himself] in capitalism? How is it possible to have all the child care centers our working mothers need in the capital, at a reasonable price in a capitalist society? For each peso the mother pays, the state possibly contributes 3 pesos so that the child receives an education, so that his mind is developed. Those child care centers develop the children's minds. They have trained personnel for that. The staff has learned to do that.

Can a capitalist system say that all working mothers have a place to send their children, their small children? Which city in the world has this? New York? London? Paris? Rome? Madrid? I would like to get a response to see if they have solved this problem in those cities and if poor families or the workers' families always have a place to take those children. I would like to learn about a place where the state contributes 3 pesos for each one the mother pays. This is for all and not for a privileged elite or for millionaires. [applause]

Which country in the world has the family doctor program? Which capitalist country? Which of these cities have those services there, 20 meters, 30 meters, or 100 meters from the home? What place provides each family, father, mother, child, adolescent, elderly person with a family doctor who is available day and night? This is part of our primary health care network which will be completed in December of this year.

Which city has physical therapy services next to where the patients live? Washington? London? Paris? Madrid? These services are available for anything, for any aching muscle. It can be treated with ultrasound or heat. There are services to help with any joint that may bother you. I ask myself, where, where [repeats] are all medical services provided for free, from the filling of a tooth to a heart transplant. [applause] From those things that cost \$20.00—because I imagine that the lowest fee you pay to get a tooth pulled in a capitalist country is at least \$20.00 and if anesthesia is used it may be around \$50.00. I believe it costs \$20.00 to pull a tooth.

One of those major surgeries could cost \$100,000, \$150,000. What country performs free kidney transplants, extracorporeal litholopaxy, or a complex bone surgery or surgery of any vital organ to any citizen in the country? I was asking which country could have the family doctor program. Let them try to have family doctor programs in any of those capitalist countries I mentioned. What they are going to have is a medical war that will be much more violent than the medical wars of which history talks. The government that attempts to do it will suffer because of private medicine.

I know about a minister from an important European country. I am going to mention it. It is France. He was a communist minister because there was a socialist-communist coalition government. I met him because he came here. He tried to touch some privileges. He clashed with some of the privileges of private medicine such as certain facilities they had in hospitals they worked in, certain beds in which, if the individual had money and had to have surgery, he would get the surgery right away and if he didn't have money he would have to wait 4 or 5 months to have it. He clashed with only some of the privileges and only lasted a few months as minister.

How could this institution of ours, the family doctor program, be established in a capitalist society, within the capitalist system? How could this be done?

Now, I say the same thing I have said about all this. They have problems of one kind or another. They couldn't create a program of generalized services for children who have problems with their hearing, eyesight, mental retardation, behavioral problems or many other problems. There are also physically handicapped children and special education schools are being built for physically handicapped children. What country, which of those capitals can say that they have the answer for 100 percent of the children with those needs? Undoubtedly, the day will come when we will also have the answer for the needs of all our elderly people. There are extensive and ambitious plans in this field.

Which of these dehumanized cities has these services? If capitalism cannot do for man what socialism can do and what socialism is doing, even in a Third World country, in a country that does not have the fabulous wealth those countries have.... [changes thought] Those countries

have developed by exploiting the world, by looting the Third World for centuries. This is how they became wealthy and powerful. They have a lot of scientists and technologies. They got it out of the sweat and blood of the Third World. If they cannot solve these basic problems, what the devil is capitalism good for?

Do we or don't we have the right to say that a society that is incapable of getting close to man and solve man's basic problems is no good? [applause] This is the idea we have of a capitalist society no matter what they say with their propaganda and media, no matter what they say and what they think.

We have had the experience. We have not read it in a story book or a fairy tale. We have experienced it and are experiencing it in the work of the Revolution, in the day to day work of each of our compatriots.

Leave it to time and we will see how we will fulfill all of our programs, one after the other. I have talked about education many times. It is extremely important. Our system can also do what no other system can. Also, the development of our agriculture is based on the foundations we have created and are developing to completely solve the food problem despite the problems the world has today. We also want to solve the problem of recreation. We do not mean to exclude it. Of course, we include it in our plans but we do not give it priority over a school which can save a child's eyesight, or life.

Leave it to time and you will see the industrial development, scientific development, sports development, cultural development, development in every field. We are not developing a society of beasts. Capitalist society is a society of beasts. It is a zoo where the lions are loose and the powerful eat up the weak ones like in the jungle. Tigers stalk and hunt, lions stalk and hunt. They gulp the ones that are not careful. This is how a capitalist society functions despite the fact that some are dazzled by its junk, by its junk. It is a society of the jungle, the society of the beasts.

Socialism is a society of a man where the man is a brother of another man and the man is not the one who eats up men; he is not pirate of other man, looter of other man. Socialism is different because of its enormous humane and moral values. The difference is endless. Let time go by and we will see how the experience accumulated by our people—because there are few countries in the world that have the experience ours have no matter what is said. Although our Revolution is young, few countries in the world have the unity level ours has, few have the level of political consciousness ours has, few have the revolutionary spirit ours has, and few have the internationalist spirit ours has. [applause]

We know what we have and we know what we can do. With what we have and with what we can do, we shall march forward and we shall not be stopped by anyone or anything! Fatherland or death! We shall win! [applause]

Visiting Nordic Brigade Completes Projects

FL2207022289 Havana Television Service in Spanish
0000 GMT 22 Jul 89

[Text] The 19th Contingent of the Nordic Brigade that is visiting Cuba finished the work it was doing in the construction and agricultural sectors. This brigade was working in the area of Caimito Municipality, Havana Province.

The Nordic Brigade arrived in Cuba on 30 June and is made up of representatives from Sweden, Finland, Denmark, Norway, Iceland, and Faroe Islands. During their stay in Cuba, the 152 members built houses, worked in Caimito's municipal orchard, and cleaned and harvested vegetables and tubers. They also built a duck breeding farm. All of these projects have had an economic impact in excess of 10,000 pesos.

The group will now go to Ciego de Avila, alternate host for the 26 July celebrations, where they will attend, as guests, the celebrations honoring the assault on the Moncada Barracks, celebrations that will be held in Camaguey.

Perez de Cuellar Departs for Pretoria

FL2207025489 Havana Television Service in Spanish
0000 GMT 22 Jul 89

[Text] Today, UN Secretary General Javier Perez de Cuellar concluded a 3-day visit to Namibia. Apparently, he was not able to reach any agreements with the South African provisional administration on some important matters. Before leaving for Pretoria, where he will hold talks with South African authorities, Perez de Cuellar said that during the talks in Pretoria, he will discuss the important matters he was not able to agree upon with Louis Pienaar, colonial administrator in Namibia.

Even though Perez de Cuellar did not go into detail, he said that his differences with Pienaar centered on the presence of the repressive Koevoet force in northern Namibia, as well as the establishing of homelands, known as alternate ethnic governments.

The UN leader arrived in Windhoek last Tuesday [18 July] and met with political, religious, and civil organization leaders. He also toured the northern district of Ovambo, the area with the highest incidence of intimidations by the Koevoet against the population.

Nevertheless, the Peruvian diplomat insisted that there were favorable conditions to hold general elections on 6 November.

Div Gen Batista Santana Welcomes 'Combatants'
*FL2107160289 Havana Tele-Rebelde Network
in Spanish 1100 GMT 21 Jul 89*

[Text] Another group of 150 internationalist combatants have arrived in our country from the People's Republic of Angola. They were welcomed by Division General Sixto Batista Santana, secretary of Communist Party of Cuba [PCC] Central Committee and chief of its Military Department; Jorge Enrique Mendoza, member of the PCC Central Committee; and other members of mass organizations.

All the combatants bear the Cuba-Angola Victory Medal, 10 the Cuito Cuanavale Medal, 50 the Distinguished Service Medal, and 1 the Calixto Garcia Medal.

Over 300 Internationalists Arrive From Angola
*FL2207123089 Havana Radio Reloj Network
in Spanish 1109 GMT 22 Jul 89*

[Text] Over 300 internationalist combatants have arrived satisfied and proud in our country in two planes. They fulfilled an honorable mission in the People's Republic of Angola.

Jorge Enrique Mendoza, member of the Communist Party of Cuba Central Committee and director of the History Institute of Cuba, and Brigade General Rigoberto Sanchez Valladares of the Revolutionary Armed Forces, welcomed them together with other generals, chiefs, officers, and representatives of the Union of Young Communists and mass organizations.

Orlando Batista Ricardo, a 20-year-old man from Holguin, bore the General Calixto Garcia bravery medal, which he obtained for his participation in the Cuito Cuanavale battles when he maintained communications while under enemy attack. The over 300 combatants shouted vivas to Fidel, Cuba-Angola friendship, and proletarian internationalism.

'Small Farmers' Association Holds 5th Plenum
*FL2107164489 Havana Tele-Rebelde Network
in Spanish 1100 GMT 21 Jul 89*

[Text] The fifth plenum of the national committee of the ANAP [National Association of Small Farmers] is currently carrying out its work sessions at the Niceto Perez national school in Guira de Melena.

During the meeting, which is being presided over by Julian Rizo Alvarez, alternate member [title as heard] of the Communist Party of Cuba Central Committee, and by Orlando Lugo Fonte, ANAP president, the results of the 1988-89 sugar harvest were presented, and the objectives for the next harvest were discussed. Also discussed were the differences that exist between the various provinces regarding assistance to farms, work productivity, and the sugarcane cutting plans, among other issues.

On the 1st day of the meeting, special emphasis was given to the work being carried out by the workers in the cooperative and rural sectors.

ANAP Plenum Ends
*FL2207150089 Havana Tele-Rebelde Network
in Spanish 1300 GMT 22 Jul 89*

[Text] The fifth plenum of the National Committee of the ANAP has concluded its 2-day meeting at the Niceto Perez School in Guira de Melena, Havana Province.

During the meeting's last day, the participants approved the document that includes the line of work to be followed for the increase, updating, and modification of identification cards for members of the peasant organization. The report on the ANAP's work in 1988 was also approved and the one regarding the system for the implementation and development of the socialist emulation in the sector.

It was reported during the plenum that the ANAP will soon award, with the approval of the Council of State, the 30th Anniversary of the Agrarian Reform Banner.

The work that has transformed the countryside carried out by the Revolution was highlighted during the closing session.

PCC Havana City Committee Holds 7th Plenum
*FL2207120489 Havana Radio Reloj Network
in Spanish 1102 GMT 22 Jul 89*

[Text] Economic results of the 1st half of the year have confirmed that the policy of doing more with less resources is going strong. This was said during the seventh special plenum of the Communist Party of Cuba [PCC] Provincial Committee in the City of Havana.

Jose Ramon Machado Ventura, member of the PCC Politburo, and Lionel Soto, secretary of the PCC Central Committee, attended the meeting. They analyzed that although the plan was carried out with greater limitation of resources—including less foreign currency—than in 1988, 93 percent of it was fulfilled with only 2 percent of falling off.

Jorge Lezcano, first secretary of the PCC in the City of Havana, said results, although modest, are encouraging. He noted the country has saved millions of pesos with the building and recovery of spare parts. Lezcano asserted that the struggle to achieve quality should become a top priority and that if the City of Havana continues working as it has done so far, it will be able to host the 26 July main ceremony in 1990.

Lezcano Addresses Plenum

*FL2207144089 Havana Tele-Rebelde Network
in Spanish 1300 GMT 22 Jul 89*

[Text] The pressing need of producing more with less resources was the most debated subject during the seventh special plenum of the Communist Party of Cuba [PCC] in Havana City. The meeting was presided over by Jose Ramon Machado Ventura, member of the PCC Politburo. The participants analyzed the economy's behavior during the first half of the year which, despite of difficulties with the supply of materials, developed positively.

The fundamental factor was the quality and maximum exploitation of available raw material. There will still be some supply shortages which will require a strong savings policy. Because of this, the plenum approved a call to the workers of the capital to intensify efforts during this second half of the year.

[Begin recording, Jorge Lezcano, first secretary of the PCC in Havana City] We have to prepare ourselves to deal with even more difficult and complex situations. We will have more shortages than the ones we have had so far. It is because of this, because of these circumstances, that the guidelines given by the party leadership are more relevant and more current.

This is why we approved the document in which this plenum makes a call to all workers and people of the capital so that we direct all our efforts, all our will, all our determination to try to achieve, with the same resources, the results needed by the economic and social development of our country and our capital, in particular. The capital has to continue changing as Comrade Fidel has noted and as the leadership of the party and government demands. [end recording]

DPRK Celebrates Solidarity With Cuba Month

*FL2107203789 Havana Radio Reloj Network
in Spanish 1954 GMT 21 Jul 89*

[Text] The inauguration ceremony for the month of solidarity with Cuban people was held in Pyongyang on the occasion of the 36th anniversary of the armed insurrection which began on 26 July 1953. The insurrection was initiated with the assault on the Moncada Barracks. Yi Chol-sin, vice-chairman of the committee for cultural relations with foreign countries, noted that the friendship and unity between the people of Cuba and Korea has advanced to a new and better level.

He also noted the exemplary attitude of the Cuban athletes who refused to attend the Seoul Olympic Games because these games were not co-patronized by the DPRK. Just the same, he praised our nation's solidarity with the cause to reunify Korea.

The celebrations to honor the assault on the Moncada Barracks will be marked by numerous activities in Pyongyang and other provinces in this Asian country.

Student Federation Elects New President

*FL2107142089 Havana Tele-Rebelde Network
in Spanish 1100 GMT 21 Jul 89*

[Text] During a meeting of the national council of the Intermediate Level Students Federation [FEEM], which was held in Expocuba, Barbara Isabel Cumplido Rodriguez was elected president of the youth organization. Cumplido Rodriguez is from Holguin and recently completed 10th grade.

The highest organ of the FEEM leadership approved, between congresses, several proposals for changes to the national secretariat. Also during the meeting, approximately 105 members of the national council were bid farewell. Just like their predecessors, they have completed their time in the ranks of the FEEM. The outgoing president, Sashi Hernandez, emphasized that the members who are replacing them are also lovers of beautiful things, and that because the FEEM is something very beautiful, she is certain that the new officers will love it and will strive to strengthen its duties, authority, and prestige.

The event was presided over by Roberto Robaina, member of the [Communist Party of Cuba] Central Committee and first secretary of the UJC [Union of Young Communists].

Health Ministry Meets With Sector's Union

*FL2107212489 Havana Radio Reloj Network
in Spanish 1949 GMT 21 Jul 89*

[Text] The need for health institution workers to know and understand everything related to costs was expressed in a conference between the Ministry of Public Health [MINSAP] and the corresponding union. This meeting was held in Havana.

The representatives who attended the meeting agreed on the importance of having the collectives know how much money they spend, as well as keeping every installation's finance department informed about these expenses. The delegates also said it is important for the personnel to have the necessary capacity to assume these responsibilities.

In the meeting, the delegates stated that the MINSAP and the State Committee for Finances have jointly inspected over 100 warehouses in the entire nation, [words indistinct]. These entities also made a daily control check of the entities tasks to make certain that there was no deviation of resources.

In this respect, Pedro Ross, member of the Communist Party of Cuba Central Committee Secretariat, told the delegates that workers should analyze the economic plans for the coming year. One of the aspects to be covered in this analysis is cost.

Ceremony Lands Third Edition of Castro Speeches
*FL2107180789 Havana Tele-Rebelde Network
in Spanish 1100 GMT 21 Jul 89*

[Text] The third edition of the book entitled "On the Correct Road" [book containing segments of Castro's speeches] has been presented at the Medical Students Square at the Carlos J. Finlay Higher Institute of Medical Sciences, in the city of Camaguey.

Hundreds of students, construction workers, and teachers were present at the ceremony which was presided over by Lazaro Vazquez, alternate member of the Communist Party of Cuba [PCC] Central Committee Politburo and first secretary of the party in the province, and by Carlos Aldana, secretary of the [PCC] Central Committee.

Grenada

Prime Minister Expected To Break From NNP
*FL2107222989 Bridgetown CANA in English
2210 GMT 21 Jul 89*

[By George Worme]

[Text] St George's, Grenada, July 21, CANA—Prime Minister Herbert Blaize is expected to announce on Friday night that he is breaking with the ruling New National Party (NNP), political sources said.

The sources said Blaize will use his weekly radio address to the nation to announce the formation of the National Party as Grenada's newest political group.

On Thursday, Blaize sacked Public Utilities Minister Keith Mitchell and Minister of State for National Security Larry Joseph from the cabinet. Mitchell and Joseph are political leader and chairman respectively of the NNP.

Blaize said at a press conference the same day that they openly criticised cabinet decisions, breaching the principle of collective responsibility.

In his broadcast the prime minister is expected to repeat his statement that he will not be part of the so-called "new trust" bandwagon that Mitchell has been promoting since he defeated Blaize for the NNP leadership last January. The pair have been at loggerheads since then.

Blaize said on Thursday that Mitchell's approach will lead to the type of political instability that Grenada experienced during 1979-83.

He is expected to tell Grenadians that the National Party will continue to put the island on the road of peace.

Blaize said on Friday that he may attend Saturday's annual general meeting here of the conservative Caribbean Democrat Union (CDU) after all.

Blaize told CANA on Friday that CDU Chairman Edward Seaga of Jamaica had been in touch with him trying to persuade him to attend the meeting which will discuss the political situation here. "It looks likely that I might accede to his request," he added.

The prime minister said he and Seaga, Jamaica's opposition leader, are due to meet early on Saturday to discuss the matter further.

He said if he attended the meeting it would not be in his "political position" capacity but more so as an "individual".

Earlier in the week, Blaize said that he would not be attending the CDU meeting at which the in-fighting in the ruling New National Party (NNP) Government was expected to be the top agenda item.

The Grenadian leader had indicated that the meeting was for leaders of political parties and since he had lost the NNP top job in January he ceased to qualify for CDU membership.

Blaize Announces New Party

*FL2207124589 Bonaire Trans World Radio in English
1230 GMT 22 Jul 89*

[Text] Grenadian Prime Minister Herbert Blaize has announced the creation of a new political party. That confronts Grenada with its deepest political crisis since a military intervention there in 1983.

In a speech broadcast by radio and television, Mr Blaize said he broke with the governing New National Party that put him in power and announced the formation of the National Party. The break was touched off by Mr Blaize's dismissal of his main political rival Keith Mitchell as minister of works and communications.

Haiti

APN Demonstration To Mark U.S. 'Intervention'
*FL2107173889 Port-au-Prince Radio Metropole
in French 1600 GMT 19 Jul 89*

[Excerpts] In less than 10 days, it will be the 74th anniversary of the 1915 U.S. intervention in Haiti. To mark the anniversary, the People's National Assembly [APN], during a news conference yesterday, called for a demonstration next 28 July in Port-au-Prince. The APN also discussed the case of the three putschist former officers imprisoned in the United States. [passage omitted]

The APN is planning a demonstration next 28 July to denounce U.S. meddling in internal Haitian affairs. The demonstration will also be to demand a decrease in the cost of living and an end to the climate of insecurity prevailing in Haiti.

Analyzing the current political juncture, the APN confided to the press that it finds this juncture increasingly disquieting. According to the APN, 3 months after the aborted coup, General Avril has not done anything to restore confidence to the population. The APN feels that Gen Avril is showing himself to be totally disinterested in the population's mountain of demands. Avril is continuing Namphy's policy, says the APN.

The APN also criticized the antinational projects the U.S. Government has planned for Haiti.

[Begin unidentified speaker recording] The second U.S. project is, if Avril gets to the point where he cannot hold even a semblance of elections, if he becomes unable to continue to guarantee the imperialists' interests, to use the OAS to force the macoutes to make concessions and then establish their own government through rigged elections. It is clear that the liberals in the U.S. Congress are thinking about this alternative. All you have to do is read the 15 May memorandum that Walter Fauntroy's employee put out—to see that the U.S. imperialists are not at all ready to allow the Haitian people to determine their future through their own organizations.

The objective of the U.S. Government's pressure on Avril is to see how it can prevent the revolutionary movement from making progress. [passage omitted] [end recording]

This demonstration scheduled for 28 July in Port-au-Prince will begin on the Bicentenaire and will pass in front of the U.S. Embassy and end at Occide Jeanty bandstand on the Champ de Mars. No placards demanding the release of the putschist colonels will be carried during this demonstration.

Questioned about this, APN's Jean Robert Lalanne said the APN had no interest in defending the three macoute former officers, meaning Rebus, Biamby, and Qualo. These three men are simply being punished by their American bosses, says the APN. [passage omitted]

Further on Demonstration

FL2107172689 Port-au-Prince Radio Soleil Network
in Creole 1100 GMT 21 Jul 89

[Excerpts] The People's National Assembly, APN, has announced a patriotic demonstration for 28 July, anniversary of the date on which the U.S. Marines landed in Haiti to begin the U.S. occupation. Let's listen to Jean Robert Lalanne on this.

[Begin Lalanne recording] [Passage omitted] Everyone remembers what happened in 1915, when the U.S. Marines entered Haiti with the complicity of the bourgeois politicians. They seized the opportunity provided by the military intervention to take over the nation's economy. They also killed many children of the Haitian masses, such as Charlemagne Peralte, Benoit Batraville, and so forth.

On this occasion, we of the APN feel that there is to this day a need for the organizations in Haiti to mobilize the masses against any kind of intervention whatsoever that might take place, especially since we know that the U.S. Government is behind all the decisions made in Haiti.

For example, we noted, in the aborted April coup, that the Three Musketeers—Rebus, Qualo, Biamby—before realizing the coup d'etat against General Avril, had to call the U.S. Embassy to ask if the coup d'etat was okay with them. That is why these men are today paying for their indiscretions, paying for having betrayed their bosses. That is why they are in jail over there today.

We of the APN feel that this is a date that (?was costly) for the Haitian masses, who should think back and reflect upon the conditions under which the Americans came to occupy Haiti and on what things are like today. Can we accept another U.S. intervention, especially after we see the latest report that (Walter Fauntroy's) employee sent to the OAS—that is, that the OAS should come into Haiti to conduct elections.

Thus, we of the APN feel it is necessary for all the popular organizations to mobilize on the following points: the insecurity that has spread all over Haiti; the cost of living, which has also increased, for the bourgeoisie has raised the price of all articles of prime necessity sky high; and, as we just said, the American's [word indistinct] to intervene in Haiti.

That's why we think that the masses are really going to participate in the demonstration that is going to be held on 28 July—which is going to begin on the Bicentennair at 1000—to show the Avril government that they do not agree with its current policy. [end recording]

Cap-Haitien Airport Workers Want Wage Increase
FL2107195389 Port-au-Prince Radio Metropole
in French 1600 GMT 19 Jul 89

[Excerpts] The construction workers from Cap-Haitien airport stopped work yesterday to demand wage increases. The workers are demanding a \$2 pay increase. They want to be paid \$5 per day, rather than \$3 per day. Here is our correspondent:

[Ronald Jean] [Passage omitted] The workers held a news conference at approximately 1100 Tuesday at APDN [expansion not provided] headquarters. The workers were demanding that their weekly salaries be increased from \$3 to \$5, as originally planned.

According to Jacques Nelson, one of the laborers, some of his colleagues were beaten by policemen who intervened on the premises Saturday while the workers were being paid. The police intervened at the request of the airport authorities.

Further on Workers Strike

*FL2107180789 Port-au-Prince Radio Soleil Network
in Creole 1100 GMT 21 Jul 89*

[Excerpts] There was a news conference held at the APDN on Wednesday, 19 July, by the newly founded Association of Cap-Haitien Airport Workers [Asosyasyon Travay Ayropor Okap]. [passage omitted] The purpose of the news conference was to shed some light on the crooked wheeling and dealing that the association claims is going on in reference to events at the Cap-Haitien airport.

The work is directed by engineer Maxim Leon. The workers say there are many unfair things being done to them. They are sick of being exploited; they work like dogs for 13 gourdes per day. [passage omitted]

The association says that, even worse, they stopped working last Monday morning (?because) the police had shown up, well-equipped, and delivered blows on all the workers who were there to be paid. There was a real hail of blows. People were arrested. One person is still in jail today. [passage omitted]

The association invites the authorities responsible for the work on the Cap-Haitien airport to meet with them at 1100 on 21 July at the office of the TPTC [Ministry of Public Works, Transportation and Communications] to discuss this problem. They say they will not go back to work until they sit down and talk with the authorities, and that they must not continue using other people.

Regarding this matter, a press release from the National Airport Authority says that by undertaking this work and by using technology that requires the use of abundant local labor—that is, the many unemployed people in northern Haiti—the military government is trying to reduce unemployment in northern Haiti, as well as to give Cap-Haitien an infrastructure with more economic importance for northern Haiti. Also, in conforming with the law, the wages paid these unskilled workers is 15 gourdes—\$3.00—per day. The National Airport Authority invites all the workers to resume their activities, in the interest of the economy of northern Haiti.

Establishment of Democracy Movement Meets CEP
*FL2107205189 Port-au-Prince Radio Nationale
in Creole 1300 GMT 21 Jul 89*

[Excerpts] The big news in Haiti for the past week has been the organization of future elections. Many heads of political groups have set forth their position on elections. Some have recommended that the Provisional Electoral Council [CEP] hold elections within 2 months. [passage omitted]

We remind listeners that the Movement for the Establishment of Democracy in Haiti, MIDH, is the latest political party to meet with the CEP. The MIDH delegation reiterated the position it had set forth in its 14 July memorandum.

Marc Bazin's party is in favor of allowing overseas Haitians to participate in the elections. Bazin says the voting could be organized at Haitian consultates or community or religious centers abroad, under the direct supervision of representatives of the CEP. [passage omitted]

Bazin also thinks a popular mobilization movement must be set up so as to guarantee that the electoral operations unfold properly. He feels insecurity must not be allowed to block the electoral process. Bazin thinks the people opposed to elections in Haiti constitute a real danger.

The MIDH leader feels elections are a political necessity and a political means to solve political problems in Haiti. Therefore, public opinion should mobilize. Also, all political parties should have valid representatives, to face a second attempt at elections in Haiti. [passage omitted]

[Begin Bazin recording] I see the security matter as being relatively simple. It is not security that is going to lead to elections. It is elections that will lead to security. If you wait for them to give you security to hold elections, well, that means you don't need elections—for (?the same) person who tells you that he needs security in order to go to elections will also tell you that it is those who do not want elections who do not provide security. Thus, it's a vicious circle. You'll never get out of it.

So, what you need now is to.... [changes thought] Instead of sitting there and waiting tranquilly, nicely, innocently, to be given security so you can go to elections, it is up to you to create a popular movement of mobilization around the electoral process, to guarantee for yourself that you will have the entire country behind you so as to hold elections.

However, if you sit there and do nothing but continue to ask for security over and over again, and wait for it to be given to you before going to elections, well, I suspect that many people take that position because in reality, what they really want is for there not to be elections—because such a position is not logical. [end recording]

The MIDH is going to hold its regional congress this year in Port-de-Paix, the Department of the Northwest, on 23-25 July. The objective of this meeting is to study the social, economic, political, and cultural problems in the area. The gathering falls within the framework of the preparations for the MIDH's second national congress, which is planned for next October. [passage omitted]

Cable Television Becomes Available in Les Cayes
*FL2107175189 Port-au-Prince Radio Soleil Network
in Creole 1100 GMT 20 Jul 89*

[Excerpts] In Les Cayes, Radio Diffusion Cayenne [RDC] celebrated its 6th anniversary yesterday. RDC has now become RTC [Radio Tele-diffusion Cayenne]. Here is our correspondent in Les Cayes, Auguste Jean Ramond, with an interview with the station's director and founder, (Marcel Mathieu). [passage omitted]

[Begin (Mathieu) recording] [Passage omitted] (?To have lasted) in radio for 16 [as heard] years is a very big deal, especially since in the current situation, there must be a straight line, a direct and independent line, in order to avoid certain consequences. If you last 16 years in radio without damages, it is because you have really adopted a line.

Don't forget that we are in Les Cayes. We are not in Port-au-Prince. One must (?adapt to) the province. Things are very different in the capital. In the capital, one has a choice. However, in provincial towns, one does not. You follow a straight line, and you may not (?stray from that). If you do, the consequences are more serious. [end recording]

[Raymond] This is cable television for which you pay a \$50 deposit and \$6.00 per month. [passage omitted]

Many people feel this is a positive step on the political and social level for the Department of the South, which is always behind, compared to other places. Everyone applauds this new development. [passage omitted]

Foreign Debt Reduction Agreement Reported
PA2407000889 Madrid EFE in Spanish
2319 GMT 23 Jul 89

[Text] Mexico City, 23 Jul (EFE)—Mexican Government debt negotiators and international creditors today reached an agreement in principle by which 35 percent of the \$54-billion foreign debt under discussion will be forgiven.

According to a Mexican press agency NOTIMEX report datelined in Washington, which cites "a Mexican source close to the negotiations," the agreement will be concluded within 6 months and will include "a 2- to 6-percent reduction in the net transfer of resources abroad."

In addition to the 35-percent debt principal reduction, the source revealed that the debt interest rate will be fixed at 6.25 percent—the debt interest rate had averaged 11 percent—and the international banks will grant new loans to Mexico for an overall sum of \$3 billion per year.

The source added that the U.S. Government will help Mexico with a stopgap loan of \$2 billion, which will help Mexico meet its financial obligations over the next 6 months.

Report Says No Agreement Reached
PA2407031489 Madrid EFE in Spanish
0230 GMT 24 Jul 89

[Excerpt] Washington, 23 Jul (EFE)—U.S. sources have said that Mexican representatives and representatives of creditor banks continued their discussions here tonight to try to reach an agreement in principle on a reduction of the Mexican commercial debt, which amounts to almost \$54 billion.

A banker close to the bank committee told EFE that "intense negotiations are under way." The bank committee represents approximately Mexico's creditors. [sentence as received] Mexico's total foreign debt is approximately \$105 billion.

The banker added: "The news reports that an agreement has already been reached are false." The source, however, did not rule out the possibility that an agreement could be reached and announced tonight.

A spokesman of the U.S. Treasury Department, where the negotiators are meeting, also said that he could not confirm Mexican press reports that the agreement—which is considered a key agreement in the U.S. strategy to deal with the developing world foreign debt, also known as the Brady plan—had been reached.

Spokesman Roger Bolton said: "We are not ready to announce anything."

Salinas on Debt Agreement
PA2407055089 Mexico City Domestic Service
in Spanish 0400 GMT 24 Jul 89

["Message to the nation" by President Carlos Salinas de Gortari from the National Palace in Mexico City—live]

[Text] Good evening, fellow countrymen. I want to inform you that a while ago Mexico concluded an agreement with the international banking committee. This agreement allows us to solve our country's enormous debt problem.

The agreement means that there will be a 35-percent reduction of the principal of the \$53 billion foreign debt that Mexico contracted with the world's commercial banks, or a reduction of approximately 40 percent of the interest rate. Some banks will choose to continue financing our country's development.

The results of the negotiations meet the requirements I set out in my inaugural address, because they allow us to reduce our transfer of resources abroad and to resume our country's growth in a gradual but sustained manner. This is the culmination of one of the most difficult, complex, and tense financial negotiations in our country's history, and in the history of the international financial system.

Fellow countrymen, what many considered to be an impossibility 7 months ago is a reality today. This is the first time in history that creditor banks have agreed to reduce a government's debt to the extent that they have in Mexico's case.

The fact that Mexico is the first country that has concluded a satisfactory debt agreement blazes a trail for other nations—with similar problems—to turn into a path. Being the first ones to reach a debt agreement meant we had to assume a difficult task and participate in very complex negotiations process, especially since this type of negotiation was new. The difficulties that arose by virtue of the fact that we were pioneers in this type of process did not matter. My basic goal was to fulfill the Mexican people's sincere desire to grow again.

We obtained this positive outcome because moral right was on our side. That moral right is based on the great sacrifices that the Mexican people, including workers, peasants, businessmen, professionals, lower and middle classes, intellectuals, housewives, youths, and students have made.

In addition, we reached this agreement because of the seriousness of the negotiations and the talent of the Mexican negotiators headed by Pedro Aspe, Mexican finance and public credit secretary, and because of the appropriateness of our economic program and Mexico's current prestige.

Leaders of developing countries who are also participating in the delicate debt negotiations process expressed their solidarity with Mexico and told me that the Mexican negotiations were critical for them. So said Brazilian President Jose Sarney, Venezuelan President Carlos Andres Perez, Uruguayan President Julio Maria Sanguinetti, and Philippine President Corazon Aquino in recent conversations.

The support I obtained during my political conversations with the leaders of the world's seven industrialized nations was basic in the attainment of this agreement. During my meeting with U.S. President George Bush and U.S. Treasury Secretary Nicholas Brady, there was a clear recognition of Mexico's position in the negotiations.

Similarly, my meetings with French President Francois Mitterrand were also very important in the attainment of this debt agreement. As the host, President Mitterrand promoted the discussion of the debt issue during the economic summit. Japanese Prime Minister Sosuke Uno, British Prime Minister Margaret Thatcher, Canadian Prime Minister Brian Mulroney, FRG Chancellor Helmut Kohl, and the Italian Prime Minister [Ciriaco de Mita] recognized Mexico's seriousness and moral right.

My meeting with UN Secretary General Javier Perez de Cuellar was also very valuable in these negotiations. I must point out that the agreement recently signed with Spanish Prime Minister Felipe Gonzalez was the first specific step in the debt-reduction process.

Mexico's image and position were given a boost by our country's media—television, radio, and press—as well as in editorials published by the most important international newspapers, and the positive statements made by foreign leaders. I had stated from the start that we preferred holding firm negotiations to having a unilateral confrontation, because historically Mexico has gotten more as a result of its serious conduct than it would have by maintaining an irrational, defiant stance.

Mexico's negotiating strategy was based, first, on reaching a political definition of the debt to reach an agreement that the enormous debt problem could not be resolved by increasing our debt further but that a reduction of the debt principal or its interest was necessary. This principle was adopted by the Brady plan, and it included the Mexican thesis in its proposal.

We, in this manner, initiated our negotiations with the IMF, the financial institution to which most of the world's countries belong. We managed to establish that the solution to the debt problem could no longer mean stagnation and recession. The IMF changed its position, accepted the Mexican program that was based on growth with stability, and, for the first time, assigned new resources to operations aimed at reducing our foreign debt. With the World Bank and the IDB [Inter-American Development Bank],

we reached similar agreements and also obtained additional resources for priority projects. After that, we managed the most favorable negotiations up to now with the Paris Club—formed by the leading countries of the world. In all the steps we have taken, the Mexican financial program has been approved unanimously. This means that none of the foreign representatives at these financial institutions abstained or voted against our program. They all voted in favor of our program.

We took the last step in our strategy after we received the international financial institutions strong support. We then initiated negotiations with the commercial banks. This was the most difficult and complicated phase in the strategy because of the unique characteristics of our proposal. For the first time in history we were trying to reduce a debt that the government had contracted with more than 500 international commercial banks. The international banks understood the needs of these new times after grueling debates and took a constructive attitude.

A total elimination of the foreign debt was not proposed in any of the ongoing international negotiations. However, Mexico has already resolved the debt problem and the enormous burden that weighed heavily on the shoulders of the Mexicans. The enormous resources sent previously to foreign countries will now be used domestically to promote investment, growth, and jobs. Mexico will now be able to leave the crisis behind through work, order, and discipline. This is a great moment for Mexico and is the result of the work done by all Mexicans. The results obtained do not mean that our problems have magically ceased to exist. What it does mean is that previously, because of the enormous debt burden, we worked harder every day and were, nevertheless, worse off. Now, as a result of negotiations, we will have to continue to work hard but will advance gradually and be better off. If we continue to work hard, as I am sure we will, our future will be a promising one.

We have the responsibility of turning this into a reality. Achieving it is in our hands. The government vows to lead the economy firmly and to manage our resources honestly and carefully. Everyone must continue promoting productivity and preserving order. This effort will increase the standard of living of all Mexicans. We will not see spectacular results overnight. We cannot seek to turn the success of this negotiation into immediate prosperity, since that prosperity would be deceptive and short-lived.

We want the well-being of Mexicans to be lasting. I know my compatriots' wisdom. That is why I trust their determination. Renegotiation allows us to resume growth and meet the goals for the 1989-1994 national development plan. However, recovery will have to be gradual to avoid an unwanted increase in the inflation rate.

Because of the lack of investment in previous years, we must first expand our infrastructure and our productive base before undertaking rapid growth. Therefore, we will

adhere strongly to the Economic Growth and Stability Pact. Our fundamental goal is still to reduce the inflation rate.

We Mexicans no longer want excessive price increases. We want to establish, in a stable system, the solid foundations for economic growth. This generation has paid a very high price as a result of this severe crisis, which today we are beginning to leave behind. Mexico is now heading for a new future. Our families will be able to live in a more equitable country, where daily work produces benefits for all. Today, compatriots, is a very important day. We built it together. Solidarity allowed us to overcome the crisis without confrontation, with social peace, while preserving our freedoms. Let us contribute our efforts and solidarity to use the fruits of this negotiation for the sake of Mexico.

Compatriots, you can tell your children that the world they will live in will not be easy, but it will be better because they will no longer bear the burden of enormous indebtedness. Talk to them about this great country of ours. Tell them that the enormous effort we undertook was worth the suffering; that we constitute a great nation; that it is a privilege to have been born here; that we are proud to call ourselves Mexicans.

Through toil and perseverance, yes, but with motivation, with our heads held high and with clear vision, we will build Mexico's new era. Compatriots, I invite you to sing together, standing and proud, our national anthem. [Station concludes Salinas address with the playing of the Mexican national anthem.]

Communique Issued on OAS Resolution on Panama
PA2107025589 Mexico City Red Nacional 13 Imevision
Television in Spanish 2029 GMT 20 Jul 89

[Text] The Mexican Foreign Secretariat has released a communique on the OAS decision regarding the Panama issue. The communique expressed the Mexican Government's satisfaction over the OAS resolution, which announces the continuation of efforts by the OAS special mission in facilitating negotiations between the parties involved in the Panamanian crisis.

Mexican Foreign Secretary Fernando Solana noted that the agreement reached at the OAS will pave the way for a positive negotiated solution without foreign interference.

He added that Panamanians are the only ones who can settle their internal matters. Solana explained that the OAS can support and help in the negotiating process in Panama, but it cannot impose a solution or ignore the people's sovereign will.

The issues discussed during the OAS ministerial meeting were:

1. Defining what each side means by transfer of power.
2. The 7 May presidential elections.

3. The removal of General Manuel Antonio Noriega from the Panama Defense Forces Command.
4. Adherence to the Constitution.

These topics, among others, were also discussed during the last round of talks held in Panama last week.

Pemex Signs Accords for International Ventures
PA2207211689 Mexico City THE NEWS in English
16 Jul 89 pp 43, 44

[Report by David Adler]

[Text] Mexico has formed a public-private petroleum consortium hailed by President Carlos Salinas de Gortari as a concrete step in the direction of Latin American economic integration.

Under recently signed agreements, the Petromex consortium will gain access to petroleum related exploration, exploitation and construction projects in Colombia and Venezuela. Petroleos Mexicanos (Pemex) reported this week. Mexico has agreed to buy 10,000 barrels a day of kerosene from Venezuela as part of the agreements.

The goal of regional integration has both attracted and evaded Latin America since the days of Simon Bolivar, a Venezuelan patriot remembered throughout the region as "The Liberator." Bolivar fought for Latin America's independence from Spanish colonial rule in the early part of the 19th century.

Bolivar's dream of a united South America has been symbolically kept alive through statues and other tributes honoring him across the region. But attempts to increase Latin America's economic integration—which often feature politicians invoking Bolivar's spirit—have yielded little more than words.

Most of the region's countries have been pushed into a common corner by the burden of a combined foreign debt of 420 billion dollars. But paying on that debt has helped to depress their economies, making Latin American countries unattractive markets for each other. The products exported by Latin America vary little from country to country, further aggravating attempts to boost regional trade.

Mexico has long held diversification of its foreign trade as one of its main goals, but sales to the United States have maintained a stable 65 percent share of Mexican exports.

President Carlos Salinas de Gortari recently went on a South American tour, speaking publicly in Colombia and Venezuela of the need for solidarity in the face of the region's debt problems.

"We are establishing concrete projects in Colombia, as we did in Venezuela, to strengthen economic relations between our nations," Salinas said in Bogota.

In the wake of Salinas' trip, Mexico's state-owned oil monopoly, Pemex, announced this week a project under which Mexico will cooperate with Colombia and Venezuela in the development of several petroleum related projects.

Pemex, the National Foreign Trade Bank (Bancomext), the Mexican Petroleum Institute (IMP) and a group of five private companies have joined under the Mexpetrol consortium to participate in petroleum exploration and exploitation and petrochemical projects in the two South American countries.

In return, Pemex has agreed to buy 10,000 barrels of kerosene a day from Venezuela to help supply Mexico's Pacific Coast region.

Pemex will own 25 percent of the new consortium, with the IMP and Bancomext holding 5 percent shares. The

remaining shares will be evenly divided between Bufete Industrial, Equipos Petroleos Nacionales, Ingenieros Civiles Asociados, Empresas Lanzangorta, and Protexa, Pemex reported.

Mexpetrol has reportedly signed agreements with the Venezuelan private company Productora Proyectos Hidrocarburos under which the two groups will study Mexpetrol's participation in the Venezuelan petrochemical industry.

The Colombian company Ecopetrol and Mexpetrol are studying three "possible" joint ventures, in that country, including the construction of a crude oil refinery with a capacity of 75,000 barrels per day and the construction of a gas pipeline in central Colombia.

Costa Rica

Former U.S. Officials Banned After Drug Charges
PA2207132889 Paris AFP in Spanish 0447 GMT
22 Jul 89

[Text] San Jose, 21 Jul (AFP)—The Costa Rican Government Council, headed by President Oscar Arias, today instructed the country's immigration authorities to ban former U.S. Ambassador Lewis Tambs, Lieutenant Colonel Oliver North, and other former officials of the Reagan administration from entering Costa Rica. This action was taken after a report by a Costa Rican congressional commission charged the former U.S. officials with drug trafficking.

The Government Council today accepted, during a special session, all the recommendations to the Executive Branch included in the report that a special commission investigating drug trafficking presented to the Legislative Assembly on 20 July.

The Ministry of Government was ordered to instruct the Immigration and Aliens Directorate to ban former U.S. Ambassador Lewis Tambs, Lt Col Oliver North, John Poindexter, Richard V. Secord, and Joe Fernandez from entering Costa Rica. The commission charged these five men with participating in the organization of a network to support the Nicaraguan contras that ended up sending drugs from northern Costa Rica to the United States between 1984 and 1986.

The commission's report explained that the network "became an organization that shipped weapons for the Nicaraguan Resistance and drugs for the U.S. market."

The Immigration and Aliens Directorate will also expel John Hull, a former U.S. citizen who now has Costa Rican citizenship and who is charged with playing an active role in that organization.

According to the Government Council, the immigration authorities also will expel former U.S. citizen Lionel Casey and former Singapore citizen Sahir Tajjudeen, both of whom now have Costa Rican citizenship, for their alleged connections with drug trafficking.

The Government Council also asked the Legislative Assembly to speed up the approval of several bills concerning extraditions and measures to counter the threat of drug trafficking in Costa Rica.

The Legislative Commission's controversial report demands the resignation of former President Daniel Oduber from all his political posts. Oduber is currently president of the ruling National Liberation Party and one of the Socialist International vice presidents for Latin America.

Hull Feared Kidnapped

PA2307192589 Panama City ACAN in Spanish
1837 GMT 23 Jul 89

[Excerpts] San Jose, 23 Jul (ACAN-EFE)—Costa Rican-American John Hull, linked by a Costa Rican legislative commission to a private network that helped the anti-Sandinist contras, has been missing for 5 days, and his lawyer has not dismissed the possibility that he was kidnapped.

Penologist Juan Jose Sobrado, Hull's legal representative, and Hull's wife Margarita Acosta both said that Hull has been missing for almost a week.

Attorney Sobrado has announced that tomorrow he will initiate the "pertinent proceedings" so that his client's whereabouts can be investigated.

Arias, Contra Military Leaders Meet in San Jose
PA2207180089 Hamburg DPA in Spanish 0231 GMT
22 Jul 89

[Text] San Jose, 21 Jul (DPA)—Oscar Arias, Costa Rican president and Nobel Peace Prize winner, met tonight with three top contra military leaders.

The military leaders identified themselves as Commanders Franklin, Blas, and Ganso, declining to state their real names.

After the meeting it was reported that the contra commanders discussed various details regarding the demobilization of the counterrevolutionaries stationed on the Honduran-Nicaraguan border.

It has been disclosed that the contra leaders told President Arias "they would not allow demobilization without the prior establishment of a true democracy in Nicaragua, with full electoral guarantees for all Nicaraguans."

After the meeting, Arias said the contra leaders "informed me of certain important points regarding the demobilization, and I will report this information to the other presidents at the August summit in Honduras."

More on Contra Meeting

PA2407024189 Hamburg DPA in Spanish 2335 GMT
23 Jul 89

[Text] San Jose, 23 Jul (DPA)—The leadership of the Nicaraguan Resistance is demanding guarantees from the Nicaraguan Government in exchange for their demobilization.

Javier Arguello, high-ranking leader of the so-called anti-Sandinist contras, said in San Jose that "we have 14,000 fighters plus 30,000 other people, including children and senior citizens."

According to Arguello, "the demobilization must be accompanied by real democratization in Nicaragua."

Arguello and other leaders met with President Oscar Arias to ask him to "convey to the presidential summit in Honduras the concern of this large number of Nicaraguans who are struggling for democracy."

"We are also going to meet with Presidents Azcona of Honduras, Cerezo of Guatemala, and Cristiani of El Salvador," Arguello said.

Security Minister Denies Armed Groups' Presence
PA2307182089 Panama City ACAN in Spanish
1707 GMT 23 Jul 89

[Text] San Jose, 23 Jul (ACAN-EFE)—A Costa Rican Government spokesman said today in San Jose that Costa Rica will not allow armed groups to enter its territory to attack Panama's security.

[Public Security] Minister Hernan Garron, top police authority, speaking through his Press Director Carlos Jimenez, said he could "guarantee that armed groups planning to attack the Panamanian Government or any other neighboring country have not been detected in national territory."

Garron thus responded to a report published over the weekend in London's THE TIMES, which was released by EFE to the entire world, to the effect that the CIA (Central Intelligence Agency) has organized a guerrilla movement with former Nicaraguan contra fighters "to struggle against the regime headed by General Manuel Antonio Noriega in Panama."

THE TIMES said there is "a camp where approximately 1,200 armed guerrillas are stationed within Panamanian territory, approximately 50 km from the Costa Rican border, and two more in a mountainous area of Costa Rica, which shares a border with Panama."

According to the British newspaper, the CIA is recruiting Nicaraguans because "there are no Panamanians it can trust," and adds that most of the recruits are blacks and Miskito Indians because of their greater capacity to withstand jungle conditions and, furthermore, "they go unnoticed in Panama's multiracial society."

Garron, meanwhile, stressed that "Costa Rica has not and will not permit the presence in its territory of armed groups planning to make an attempt against the security of any Central American neighbor."

"Costa Rica is neutral and will not allow attacks on other nations from its territory," Garron added, insisting that he can guarantee that "the government will not allow anyone to use national territory to prepare or launch attacks against Panama or any other country in the area."

Garron did not dismiss the possibility that "this may be another chapter in a campaign against Costa Rica," as was attempted a few weeks ago when a completely unfounded report announced the transfer of 800 contras from Honduras to southern Costa Rica along the Panamanian border.

This may be another attempt to discredit Costa Rica's neutrality, Garron said.

El Salvador

Cristiani on Dialogue, Peace, Other Issues
PA2107164989 San Salvador Domestic Service
in Spanish 0202 GMT 21 Jul 89

[Speech to the nation by President Alfredo Cristiani in San Salvador on 20 July—live or recorded]

[Text] Salvadoran people: I address you on this occasion to give you my first report on the state of the country. I make this report 50 days after assuming power. At this time, I want to tell you the truth. I want to tell you exactly what our situation is so that we will all understand what we must do in the future. Every Salvadoran must share in the sacrifice and effort. Those of us who have a bit must show solidarity with those who have nothing or very little.

The situation is critical, but we must confront it. That is why we have a government: to solve problems. We are willing to do this responsibly because we know that doing nothing would mean a greater crisis for the Salvadoran people and would sink our homeland even deeper into the black abyss.

We know that there are many concerns. We have heard different groups asking the government to state what it is planning to do to solve the problems. However, I would like to state that we prefer to act calmly, study the problem in depth, and find a solution that will truly solve the problem. We would rather do this than make a rash decision and a mistake. This is a truly difficult task.

Because I want to tell you in all honesty what is happening in the country, I wish to touch on the three major areas of concern and that I feel the Salvadoran people should know about.

First, let us talk about peace. Since this government was sworn in on 1 June, the FMLN [Farabundo Marti National Liberation Front] has increased violence, particularly through terrorist attacks and indiscriminate murders. There is no reason for this, because on 1 June we expressed our resolve to sit down and talk to find a peaceful solution to the conflict. The FMLN's response, however, has been more violence.

We know many groups complain about the violence and insecurity; they have every reason to complain. The Armed Forces are willing to do all they can to protect

everyone. They have been doing this in the past days, especially in those areas where the terrorist attacks have been stronger. The Armed Forces have been criticized many times and by many groups, especially those groups that in one way or another share the FMLN's ideas. They claim that the Armed Forces act in a repressive manner. Dear Salvadoran people, let us analyze what is really happening in our country.

The Armed Forces' duty is to control all those situations in which the law is broken. The Armed Forces are responsible for maintaining public order. The Armed Forces only take action when there are groups that only create violence and disrupt public order. The Armed Forces do not take action just because they want to take action. We have an Armed Forces to defend the Salvadoran people and never to attack the Salvadoran people. Therefore, what we must do is look around and see who is refusing to make a commitment and who is refusing to sit down, in a rational and peaceful manner, to find a solution to this conflict that no longer has a place in our history. Therefore, I would like to repeat what we, as a government, said on 1 June. On that day, we expressed our willingness to sit down and talk. I would like to discuss this a bit, because there have been misunderstandings over our intentions in this dialogue.

First of all, we cannot continue to use the previous procedure, in which the parties sat down at a table from time to time to talk over some of the problems. Unfortunately, no conclusion was reached. What is our intention? To begin a dialogue of this nature, it must be held in two phases: Naturally, during the first phase both sides must sit down to discuss the mechanisms to develop that dialogue process, a timetable for the talks, and the place where the talks will be held. In other words, the first phase will be to determine how the dialogue process will take place. The second phase—once an agreement is reached on how the dialogue will be held—is what will be discussed. In that regard, our government has not set any conditions. We are willing to discuss any topic, because we know that we must find solutions to many things, and we are willing to do so. The only condition we have demanded for this dialogue process is that, once it begins, it should not be interrupted for any reason. We believe that people want peace as soon as possible, and we cannot hold talks for years. Once we sit down to talk, that dialogue should continue until an overall solution is found to the conflict. That is our government's position, and we maintain that position because we believe it is the most logical one.

Nevertheless, some political sectors have said they do not want to support such a process, perhaps because they feel they are being left out of the process. I hereby tell these sectors that at no time are we leaving any of them out of the process. It is logical for the government to have a commission of its own. We believe a commission formed by broad-minded persons would benefit the work to be performed by the commission. These persons must not necessarily be political party leaders, because parties

have another active role to play in the peace process. This active role is working on what is known as the National Proposal for Peace and Freedom. We think the interparty commission, which was formed as the result of the FMLN proposal in January, should continue to exist. Political parties should continue to talk and work for peace in our country. Whatever the nature of these efforts, our government will welcome them, provided they are aimed at peace.

This is why we ask the political parties not to politicize the peace process and not to let partisan interests influence their work. Our government does not want a specific party to bask in the glory of having found a working solution. We want the Salvadoran people to enjoy peace, regardless of who has been the driving force in the peace process' various stages.

I also want to appeal to all groups to contribute toward and work for peace. Everything we do should create conditions for peace instead of violence, so the Salvadoran people can act according to law and as part of a legally established state, which is the only one allowing a society to live in harmony. We do not support anything illegal. For this reason, our effort, as we have said, comes within the framework of the legally established Salvadoran state.

Let us now discuss economic issues, which is perhaps where there has been a crisis in the past few years. We believe, however, that this is not the time to begin making excuses. We believe the key issue is to find out about our current situation, and then begin solving problems. The solution, however, should not be a simplistic, short-term solution. We must establish bases for specific goals.

We believe there are three key economic problems that must be solved. The first problem is the fiscal deficit, which is the difference between government revenues and spending. In the past few years, the government has spent more than it has received. This is the reason why there is no liquidity in the banking system: The funds in the banking system are used to finance the excessive spending. This is also the reason why many prices have been raised. When the government spends more than it receives, this creates inflation, and prices go up. By 30 June [corrects himself] by 31 May 1989, before even taking office, we were able to review and prepare the country's budget. We have reached the conclusion that there will be a 2.3-billion-colon deficit in 1989. Of this, 1.3 billion colons is the difference between revenues and expenditures. The remaining 1 billion colons correspond to an outstanding revolving debt, which is orders of payment that must eventually be paid. We only need to issue the checks, because the expenditures have been authorized. This is what I have to say about the deficit.

International reserves are another problem area. The international reserves are the amount of dollars—of foreign exchange. Here in El Salvador, we can talk in

general about dollars, because this is the currency we have the most of. We have discovered several things. First, we have overdue payments on debts contracted abroad, in the past, for \$175 million. Second, in addition to the debt existing on 1 June, we have discovered that imports that had been authorized during the 1st half of the year, had been authorized through letters of credit that should be paid in 180 days. This means that what we imported in the 1st half of the year has to be paid in the 2d half. Third, when reviewing exports versus imports, we realized that we import twice as much as we export. That is, for every \$2 the country pays abroad to bring products to El Salvador, El Salvador is exporting products worth \$1. This creates a situation in which our international reserves collapse and deteriorate. The only thing that is helping us in this sense is the money sent home to relatives by Salvadorans living abroad and the aid from friendly countries.

Moreover, during the 1st half of this year, imports were financed by the parallel market—in other words, the unofficial market. By June 1, we found that 65 percent of imports were being financed by the unofficial market. This means that already two-thirds of the imports were no longer paid with foreign exchange from the official market. This is sort of deceptive, however, because there is no foreign exchange at the official market. The Central Bank has nothing but negative international reserves—that is, it owes more than it has. The prospects of generating more foreign exchange from our own exports are very, very limited.

The last problem is the banks' lack of liquidity. Many sectors have complained that the banks do not give credits to the production sector. We have found, however, that 40 percent of bank loans are overdue. In other words, 7.5 billion colons of the bank funds that are used for loans—which total between 16 and 18 billion colons—are tied up in unpaid loans. This means that the money is not circulating. The banks or the savings and loan associations are not getting those dollars [corrects himself] those colons back so they can lend them to another business. The money is not circulating.

Also, given that the government is spending more than it is receiving, many resources of the Central Reserve Bank cannot be channeled to the banks so that the funds can be transferred to the production sector as credits. Instead, the funds are used to finance the government's deficit. This causes a tremendous lack of liquidity in the financial system.

Given this outlook, meaning these three great problems, we have begun to implement the economic program we outlined during our campaign. We have continued to outline and prepare this program following the 19 March elections, and we have three clear goals.

First, we must reduce inflation. The government cannot possibly exert more and more pressure to raise prices, because inflation is the tax that most affects the people, particularly the poor. That is why our main goal must be to reduce inflation.

The second goal is the creation of jobs. Jobs must be created through an economic development that launches production activities throughout the country. Thus, we will not have so many unemployed Salvadorans who cannot support their families, and so many underemployed people who have no assurances that they will be able to honestly earn their living.

The third goal is to encourage exports. We cannot continue to spend \$2 for every \$1 we get. We must increase our exports so that we may have the necessary foreign exchange, meaning dollars, to import what our country needs. Salvadoran people, this is the only way we can reduce our dependence on foreign countries and fend for ourselves. Within this context, it is necessary to take measures in the various macroeconomic policies that affect all the country's economic measures.

I will outline in an overall way our future policies in those different areas, and each of the ministers will soon explain to the Salvadoran people the details of the measures that we will take as the first step toward a clear goal. These measures are necessary because we must immediately begin to rescue the nation. The price policy comes first. A price policy must promote production. We cannot adopt a price policy that reduces the country's productivity and production.

What does this mean? That if I, as head of government, were to subjectively and arbitrarily set a price for a product, and that price were lower than the item's production cost, producers would simply stop producing the item. That would create a shortage and generate higher prices for the product in question, despite government control.

The government, therefore, should encourage production, ensure that there is an abundance of products and an evenness of benefits for both the producers and consumers, and see to it that the consumer is not burdened with prices beyond his reach. The consumer is the majority of Salvadorans.

Second, we must protect low-income groups, and for this reason I have asked the economy minister to begin a process aimed at eliminating price controls. We believe we can eliminate price controls on 230 products without having a major impact on the majority of the public, and can keep staple products under the control of the Economy Ministry.

Staple products, obviously, are those that are essential to daily existence, and must be kept within the people's reach. This includes basic grain, the powdered milk distributed by the IRA [Institute of Supply Regulation], wheat flour, coffee, sugar, cooking oil, lard, cement for housing, and oil by-products.

I believe that all other prices should be released and that prices should be controlled by supply and demand. I will encourage production and maintaining reasonable prices for consumers.

As far as prices are concerned, I must also address the issue of rates and certain essential services. It is unrealistic to believe that a rate can be maintained for years. Adjustments are necessary to preclude the absence of any given service because the same thing that has happened with the producers could happen with rates. If payment of a service is not sufficient to allow the sectors producing or offering the service to balance their incomes and expenses, that service would gradually deteriorate and, God forbid, eventually disappear altogether.

There are two basic services for the people, one of which is transportation. I must acknowledge the transportation sector's effort to reach an agreement with the government to benefit public transportation users and solve its own problems. I believe the only way to solve problems is to have all the sectors patriotically and sincerely seek viable solutions.

We agreed with the transportation sector to deregulate the differential service. To allow them to continue serving low-income segments of the population while charging current fares, we will also allow them to offer the higher priced service. In other words, people will be able to choose what kind of service they want to use: whether they continue to use the low priced service or a better, more comfortable, and faster service.

Therefore, I must acknowledge the transportation sector's efforts to solve its own problems without harming the majority of people.

The other basic service is electricity. The CEL [Lempa River Hydroelectric Executive Commission] has an accumulated debt of 1.3 billion colons, which precludes CEL investments unless they are made through loans. These loans, however, will continue to increase debt-servicing expenses.

The destruction caused by the FMLN also increases electricity rates, because the lines the FMLN destroys must be repaired. What is worse is that every time the FMLN destroys a power line, we must generate power with oil. This makes the cost of generating power four times higher. This has practically bankrupted the CEL.

Following recommendations by the CEL, I have instructed the economy minister to increase electricity rates; however, this will be done keeping the interests of low-income groups in mind. The rates for homes that consume less than 40 kilowatts per hour—in other words, a low-income household—will not be increased. Their rates and the rates paid by the industrial and business sectors will not be increased at this time. However, we do not feel that rates in some residential areas are adequate. There are homes where large

amounts of electricity are used, yet they pay the same amount as those homes where electricity is used for essential purposes only. Therefore, we feel that adjustments to the electricity rates should be applied as a result of power that is wasted, because it is power that is being consumed beyond what is needed to live normally. The increase in electricity rates will be directly proportional to the consumption of energy in each home. We believe that with this initial measures, the CEL will be able to solve its problems. This will give us time to get a clearer picture regarding the CEL's problems, make it more efficient, reduce its expenses, and distribute electricity more efficiently. Once we have a clearer picture, we will know whether future increases are necessary.

Our commercial policy has been affected by several situations ranging from a very complex tariff system to the banning of certain products and bureaucratic red tape which makes our country's trade quite difficult. The commercial policy we wish to implement as of today has several goals: It must help adjust the fiscal deficit—there is no doubt that if the government receives money, it can reduce the gap between revenues and spending. It must promote a more efficient industry, adequately protecting it, but also encouraging it to compete with foreign industry—our industry must compete based on efficiency and price, and, in the end, the consumer must be the one who benefits from this efficiency and competition. Finally, it must improve the import tax problem.

The extremely complicated system we have creates much confusion. We want a simpler system that everyone will understand: If I import this product, then I am going to pay this amount in import tax. We must, of course, control contraband. I believe that the extremely high taxes and custom rates make contraband very attractive. Therefore, we going to try to establish a single rate for import taxes. The rate will be somewhere between 20 and 25 percent. That is our goal in the medium term. But in the short term, and because we feel we should work gradually and progressively, we will begin to close the gap by establishing rates ranging between a minimum of 5 percent to a maximum of 50 percent. This will reduce the whole tariff system into seven sections and begin to make it simpler. Obviously, there will be exemptions. For the time being, all the basic products and the Central American products will be exempted. Now that I have mentioned the Central American products, I would like to add that this effort to create a single rate is not only a Salvadoran effort. Talks have started at the regional level—at the Central American level—for all the countries to adopt a single tariff system. These measures will be or already have been implemented by the other Central American countries.

Smuggling can be held in check only with measures such as these. We have already begun to take the severest actions against those who smuggle merchandise into our country. An investigation is well under way into a corporation which has been smuggling merchandise into our country. Those responsible for this will soon be

brought to trial in accordance with the law. We want to warn all those who have or are planning to smuggle that they should stop this activity. We believe that smuggling constitutes corruption and corruption is a crime of high treason. We cannot allow corruption in our country. We will take harsh actions against every type of corruption, including smuggling. I am asking those who might be approached by unscrupulous individuals who have in their possession smuggled goods to refrain from purchasing those products. Let us not promote smuggling. I am asking all good Salvadoran businessmen not to purchase any smuggled goods. Smuggling constitutes an attack against our homeland and encourages corruption, which must be eradicated from our country.

Regarding our fiscal policy, we must try to determine ways to more directly make up for the difference between revenue and disbursements in the country. We believe that we can bridge this fiscal deficit in two ways—We must either increase our revenue or lower our disbursements. This government has already taken austerity measures regarding the latter. The government has determined not only to maintain expenditures at the current level, but to reduce them by 15 percent. We want to make clear that our government's austerity measures must be genuine and should be aimed at making more efficient use of scant resources. This is why we are asking public employees to understand that if the government is to be more efficient, the government must provide better services for the Salvadoran people. After all, it is the people who pay our salaries and provide the revenue that allows the government to operate.

We must spend our money wisely. All public officials and employees must guard against corruption. We must take pains to serve the population and improve the quality of the services that the people are receiving and deserve. Only when the government is run efficiently, its actions are crystal clear, it has riden out corruption, and the money that the taxpayers pay is used for the good of the people, will we be able to elicit a positive reaction from the taxpayers. They have to pay taxes. When taxes are squandered, misused, or stolen, no one will pay them willingly. If we, as the government, act honestly, serve the nation well, and implement programs to benefit the majority, only disloyal Salvadorans will be unwilling to pay taxes.

Therefore, we must increase fiscal revenues. However, we want to do this without increasing income taxes. We believe income taxes are already too high and, in addition, severely penalize the lower-income sectors. In other words, workers indeed pay taxes because taxes are taken directly out of their pay by their employers. In this way, workers are always paying their taxes. So, we believe that next year—for fiscal year 1990—we should implement a new tax system that is simpler, fairer, and objective. We want a progressive tax system that will not benefit one sector at the expense of another.

We are going to raise the tax-exemption ceiling for those in the lower-income brackets. The ceiling is currently set at 12,000 colons a year, that is, those earning over 12,000 colons a year must pay taxes. We believe that the ceiling should be raised to at least 18,000 colons, which will benefit a large number of Salvadoran families who, through this tax savings, will be able to better handle inflation and the higher cost of living we have been experiencing.

We believe, however, that the income tax schedule is very complicated. There are 26 tax brackets with a top tax rate of 65 percent. We also want to gradually reduce the maximum income tax rate and to simplify it so that there are only seven or eight brackets.

We have to take short-term measures too. In this respect, the most logical step is to take measures that will affect consumption and not revenues. Thus, we have asked the finance minister to take measures related to taxes. He is to consolidate the tax payments and only exempt the previously mentioned basic bread basket items from the present 5-percent tax. We have to start eliminating tax exemptions. Only exports should have some type of financial incentive because our country is interested in developing its exports. The rest of the country's economic sectors should be taxed at the same rate.

Finally, we are going to modify the system of paying income taxes. We believe that the current system is based on unjust regulations, on revenues earned the previous year that do not reflect a firm's present situation. Thus, we are going to request that income tax payments be based on a small percentage of the firm's present sales; these are a truer and more accurate reflection of a firm's income. This should not necessarily be based on the result of the previous year's operations.

The country's monetary policy should seek to encourage savings because savings generate investments. And investments generate economic development. We see now that interest rates paid to our depositors—those who have little savings accounts or those who have time deposits—are causing depositors to lose purchasing power. Why? Because if inflation is around 18 percent and depositors receive a 6-percent interest rate on their savings account, at the end of the year, with the money they saved in the bank, they will buy less than what they could have purchased at the beginning of the year. We must take corrective measures because we cannot develop our economy unless we promote savings.

We must improve the lending and savings rate structures. We must also take into account that we must make savings sufficiently attractive to avoid capital flight. Finally, interest rate structures should be equitable for all, and we should simplify them. We should also be fair to all sectors of the population, so that everyone pays the same interest rates across the economic spectrum. This obviously means increasing interest rates received by depositors. We have asked the Central Reserve Bank

president to update the interest rates received by depositors so that the interest rates on 180-day or longer time deposits are in line with the inflation rate in the country. This means there will be a 4-percent increase in the interest rate paid to small depositors and a 3-percent increase in time-deposit rates, always keeping savings and loan association interest rates 1 percentage point higher than those paid by banks in the country.

This also means we need to raise interest rates charged for loans, because we cannot pay higher interest rates to depositors and charge those who use the funds less. So, we must update interest rates to a level that will permit banks to cover their operational expenses and provide services such as loans.

To simplify the interest rate system, and reduce the large disparity existing between savings and lending interest rates, the government will only allow a 3-percent increase in interest rates, thus bringing the rates to parity. Of course, there will be exceptions to this gradual process to which I am always referring. First, interest on farming equipment loans that have already been transacted will not be subject to change, nor will interest for past transactions on very small- and small-sized businesses. Interest rates on housing loans of up to 60,000 colons will not be modified until they are repaid because they are long-term loans. All special lines of credit refinanced with Central Reserve Bank funds—which have been used to refinance deficit problems in various sectors—will continue to have the same interest rates until their deadlines expire.

I believe that certain exceptions should also be made with two types of new loans: All mortgages below 60,000 colons, and all loans for very small- and small-sized businesses, regardless of the sector—whether farming, commercial, or industrial—will be granted preferential interest rates in comparison with the other economic sectors.

I regard this as an initial step toward easing restrictions on interest rates, which must be adjusted to keep up with inflation so that money in savings accounts will not lose buying power. It is also a considerable advantage over the fixed interest rates established by the Central Reserve Bank on time deposits. By easing restrictions on interest rates and making the inflation and interest rate levels equal, when inflation in El Salvador drops, interest rates will also drop. Therefore, fluctuations will not only follow an upward trend but, eventually, as our economic problems are rectified, interest rates and inflation will drop commensurately. This is the modern economic scenario throughout the world, and I believe that it is necessary to modernize our economy and to begin implementing plans that have proven to yield better results.

When I took office on 1 June, I said that 65 percent of imports were already being handled by the parallel market—that is to say, by the non-banking sector. We

feel that currency value should be based on the availability of and demand for foreign exchange. We do not think it is appropriate for the government to arbitrarily devalue and fix an exchange rate for the Salvadoran colon. Everything must be based on the foreign exchange our country may have to pay out for imports, because if we were to fix the rate at 10 [colons] to 1 [dollar], the central banks still would not have enough foreign exchange to cover all the importers' demands. In other words, I believe that it would be unrealistic to attempt to arbitrarily establish exchange rates, thereby devaluing our currency to a fixed rate.

I believe that at this point in time, only the nonbanking sector has sufficient foreign exchange to pay for imports. Therefore, I will continue to use the policy of importing goods as needed and for as long as the nonbanking sector can handle those imports. In the end, the market itself will establish the dollar's value in El Salvador. There are various reasons for doing this: First, we must meet our importers' needs. We cannot restrict them to the use of foreign exchange from the banking sector, because there is no foreign exchange currently available on that market; and, unfortunately, no foreign exchange is expected in the country within the short- or medium-term.

Almost the entire coffee harvest has been sold. Only about 12 percent remains for sale. This has been the smallest crop in El Salvador's recent history, and, to further complicate the situation, the international coffee pact's unfortunate breakdown has reduced coffee prices by approximately \$50 per quintal.

This means that, although we will have a good coffee crop, our country's revenue will be reduced by between \$150 and \$200 million due to this drop in coffee prices. The country will not have the resources to meet the importers' needs on a short-term basis. In addition, we must encourage exports to increase our foreign currency revenue so that we will have enough money to meet all of the import demands. I said at the beginning that the country pays out \$2 for imports for every \$1 we receive from exports. As a result, our reserves are going down all the time. We should at least balance what we pay out with what we receive in foreign currency to better manage our affairs. We have no other choice than to increase exports to increase the country's foreign currency reserves.

Now, I would like to talk a little about [currency] speculation in the nonbanking market. I recall that the exchange rate in this parallel, nonbanking market reached 9.70 colons to the U.S. dollar a few years back. This rate, however, has come down to between 5.20 and 5.40 colons to the U.S. dollar. The advantage to be gained from efficiency—in other words, allowing supply and demand to determine the exchange rate for exports—is that this rate is also reduced when we increase the foreign currency we receive. This increase results from exports and the money that Salvadorans working abroad send their relatives in the country.

During these past 1 and 1/2 months of this government, we have talked with international financing institutions, all of which are willing to help the country solve its problems. These institutions have said they are willing to help us out. They promised to do so. This will alleviate this problem.

We have talked to the president of the Central Reserve Bank regarding the need for the Monetary Board to take a number of immediate measures. We need to transfer to the nonbanking market some nonessential exports, a move that could help increase these kinds of exports. We have asked meat, sugar, and shrimp exporters, as well as the exporters of some nontraditional products still handled by the official market, to exchange in the nonbanking market the foreign currency they receive from their exports. In this way, we will gradually ease the speculation pressure that has existed and still exists in this market. We must eliminate speculation. I repeat. Speculation will only bring about problems for speculators because the supply and demand system does not lend itself to manipulation by anyone.

Finally, I would like to discuss our main product, coffee. Coffee producers have been subjected to negative policies that have influenced their production and productivity and caused most of them serious financial problems. Because coffee is our mainstay, we believe it is fair for the coffee sector to receive benefits in addition to others they have already received. We believe it is necessary for the 1988-89 crop to begin to be liquidated so producers can receive not the final price, because 12 percent of the coffee still has to be marketed, but an amount very close to this final price. We have already established a payment scale, according to which coffee growers in the east will receive 40 colons, and those in the west will receive 60 colons this month. The latter will receive 30 additional colons in August. As a result, all of the country's coffee growers will have received 340 colons in August.

We have checked the INCAFE [National Coffee Institute] sales, and its sales average shows that the final payment for this harvest could be between 340 and 350 colons. I would like to address the coffee producers here and now: It is obvious that 12 percent of the harvest will be sold for a much lower price, but we will try to sell it at the best price possible. Dear viewers, it is nevertheless necessary to explain—particularly to the coffee producers—what INCAFE's problem has been because it resulted in undeserved punishment for the coffee producers many times.

We recently received a report from the chief of INCAFE's International Price Control Department. He conducted an audit on the April sales, meaning the exports. I would like to draw your attention to the fact that the sales were made after the 19 March election results were known but prior to our inauguration. What was the result of the INCAFE audit? The result was that coffee was sold far below the market price, approximately \$30 below the

market price per quintal. Approximately 90,000 quintals of coffee were sold and, according to the preliminary audit, they were sold \$2.4 million below price. We think that this should be thoroughly investigated and these actions should stop. If the results of a thorough investigation show that a criminal action was perpetrated, we will enforce the law, regardless of who was responsible for selling below the market price.

We also believe that coffee producers should feel optimistic about the future because coffee is the country's most important product and it supports our economy, so our government will always make sure that the coffee production is justly treated and is not unnecessarily burdened. We have plans for the coffee producers to be able to use the unofficial foreign exchange market by 1990 to compensate for the drop in prices, which are currently far below production costs. We also want to say that we intend to review tax rates in the coffee sector so that we can correct them and make justice prevail for the coffee producers, who currently bear the heaviest tax burden in the country. Within 5 years our coffee production will have a just and adequate tax system that does not curtail its production and productivity.

Dear Salvadorans, I would also like to refer to an important sector, our social sector. We know that some of the measures we are going to withstand—because they are necessary to solve the nation's problems and crisis—will somehow affect the lowest-income sectors. We will faithfully fulfill our pledge to protect those with the lowest income, particularly now that unemployment levels are so high, and we believe it is necessary to urgently carry out social plans. In this regard, we have carried out three phases of a social program:

The first phase is the immediate one. What could the government do, considering the resources it had, to alleviate some of the problems that greatly affect the needy sectors? We have issued instructions so that some of the resources we still have are used in basic areas for this sector of our population. First of all, we will import basic grains, particularly corn, in order to regulate the supply of corn and to stabilize it at a more adequate level for the lower-income sectors. We think this should be done until the first harvest of cereals, meaning the basic grains, occurs because we will then enter a period in which the supply will increase because of the new harvest. Anyway, we have issued instructions to import up to 300,000 quintals of corn, which is the most scarce product right now.

Second, the Salvadoran people's health. We believe that in the very short term, we have had to supply all the health facilities and hospitals with, at least, the most urgently needed medicines for the people. We have allotted 17 million colons to the Health Ministry for the purchase of the most urgently needed medicines, and distribution of this medicine throughout the country so that the poor will receive the efficient health services that the government must provide.

The Education Ministry has been asked to give students the materials they need to pursue their studies. A certain amount of money has been allotted for the purchase of equipment needed by the schools. When the 1990 school year begins, we must be prepared to provide the schools and students with the material they need. We also believe that it is necessary to begin, as soon as possible, repairing the streets and roads. The Salvadoran people can see that this is already being done.

Finally, low-income housing. Next week the public works minister will announce the low-income housing plan, and he will explain how we will help low-income families buy homes. This will be done through a subsidy plan ensuring that low-income groups will not be affected by steep payments and will have money left over for food and other basic necessities.

We have already drafted a social emergency plan. This plan will be implemented in September, and its first phase will be carried out in the highly populated urban areas. The plan will benefit approximately 200 communities and, as of now, I ask the mayors for their help, because we want to work with the municipal governments. This first phase will be aimed at providing low-income communities with public utilities. We will provide them with electricity and running water, we will build sewer systems, and we will help them improve their health and nutrition. Amid the crisis we are experiencing, we believe that it is necessary to support the small-scale businessmen in these communities. We will organize a loan system for small businesses' development within these communities. I repeat: This social emergency plan will be implemented in September. In the next few weeks, we will begin to seek the cooperation of those municipal governments that will be involved in the plan.

There is something else that we must all struggle for, and that is to abolish unemployment. We must struggle so that every Salvadoran will have the chance to earn an honest living. We therefore wish to launch an offensive against unemployment. We also believe that the best way to fight violence is through employment opportunities, so that the people will not find themselves in the situation where they believe that they must commit crimes to survive or that they must get involved in the type of violence sponsored by the FMLN terrorists. Therefore, in September, we will also implement an emergency plan to generate employment. This plan has some specific goals: First, to provide a basic job for those persons who are unemployed or underemployed. Our goal is to create 20,000 jobs per month for these people. This plan will be drafted in the next few weeks, and we will implement it during those months when there is usually a drop in employment. I must stress that we are not going to implement the plan during the sowing and harvest seasons, because during those seasons there is an overabundance of jobs.

We will take action to help stabilize the job market during those months when jobs are most scarce. We want to provide a balanced plan allowing us to do several

things. First, we must responsibly handle and confront the crisis. We should no longer try to conceal the fact that a crisis exists. We should be frank and express our viewpoints, because this is an effort that must involve all Salvadorans. The government can only work determinedly to solve problems and seek ways to be more efficient and to better serve you, the Salvadoran people. However, we must all be filled with a unified spirit to save our fatherland. We must all have a spirit of solidarity to help the neediest; we must all have the spirit of the Salvadoran people in order to save and to rescue our fatherland from the crisis.

By launching these social and economic programs, we seek to lay the foundations for sustained development in our country; however, this should not be an end in itself. Our plans should have as their objective to raise the standard of living of the majority of Salvadorans. The economy should be at the service of the people, of the majority. Therefore, we must reach a balance in these economic and social programs.

Dear television viewers, Salvadoran people: I would like to thank you for your patience and for listening. We are aware that perhaps the overall panorama I have tried to convey to you may not be the most optimistic. However, I want to tell you that if we all are aware of our problems and if we face them, then there should be optimism, because when we all work, when we work honestly for the benefit of the majority and for the fatherland, there is reason to be optimistic about attaining positive results. Many may think that these huge problems can be solved in a day or two, which is impossible. However, it is also impossible to further delay finding solutions.

Therefore, we have clearly outlined our objectives, our policies, and which sectors will be the only ones to benefit from subsidies and to receive preferential treatment. All other sectors, all of us who have advantages should feel solidarity toward the other sectors. This way, we will find a better El Salvador. Salvadoran people: Today is the time to rescue our fatherland. Let us all do this so that our children's and our fatherland's future will be brighter. May God bless you all. Thank you very much. Good night. [applause]

Cristiani's Economy Measures Criticized

PA2307234189 San Salvador Canal Doce Television
in Spanish 0300 GMT 22 Jul 89

[Report on statements by Julio Adolfo Rey Prendes, Authentic Christian Movement leader; Fidel Chavez Mena, Christian Democratic Party secretary general; and Hugo Carrillo, National Conciliation Party secretary general; date and place not given—passages within quotation marks recorded]

[Text] MAC [Authentic Christian Movement] leader Julio Adolfo Rey Prendes warned that there were contradictions and ambiguities in the economic measures

announced by President Alfredo Cristiani. According to Rey Prendes, these ambiguities could cause speculation unless government ministers properly explain the economic measures.

Rey Prendes described President Cristiani's economic plan as incomplete. The MAC leader believes that the economic measures announced by Cristiani are only part of the adjustment plans the new government will implement. Rey Prendes said that the president was unclear on several points, thus leaving open the possibility of speculation, especially on the market prices of popular consumer goods, as well as the exchange rate for local currency.

[Rey Prendes] "Of all the measures announced, it is clear the colon is going to be devalued in comparison to the dollar and other major currencies, especially since Cristiani announced a parallel exchange rate for practically everything—particularly coffee. Cristiani said coffee growers will be able to make a profit in dollars using the parallel exchange rate. I do not think that part was properly explained. What I think he is going to do is pay coffee growers an amount based on an unofficial exchange rate to compensate coffee growers for the drop in coffee prices. All these measures, especially for coffee, which is one of the country's special products and one of the biggest foreign exchange earners, will naturally cause the colon to be devalued in our country."

Rey Prendes also said that the subject of future home prices remains unclear, especially since the announced program did not mention any control on the cost of building materials. He added that the program also does not address the problem of reaching an agreement with construction firms.

[Rey Prendes] "These are odd things. Cristiani said that the ministers would provide more details at the end of his speech, but then he said we had to wait. He spoke of a new tax, but no one knows what it is—if it is the VAT [Value Added Tax] or not. I imagine the economy minister will make some announcement on this. Cristiani spoke of raising [electricity] rates and said only major consumers will be affected, but he did not say who these would be, at what level, or how much these electricity rate hikes rates will be. He has left things a bit vague."

Nevertheless, Rey Prendes described the president's attitude toward dialogue with the FMLN [Faranbundo Marti National Liberation] as positive. Apparently Cristiani has not closed the door on the possibility of holding talks with the guerrillas as well as the idea of experimenting with new ways to end the military conflict.

In commenting on President Cristiani's economic measures, political leaders Fidel Chavez Mena and Hugo Carrillo agreed that these measures will seriously affect the masses.

[Chavez Mena] "This is something we could best describe as a real Pinochet-style program. Now I see why it was said during the election campaign that the Pinochet model was a good one. I also believe the people will now begin to understand why the government has insisted on the need for an antiterrorist law and reforms to the penal code and to procedural penal law."

Dr Fidel Chavez Mena and National Conciliation Party leader Hugo Carrillo, agreed that a majority of people would be negatively affected by the economic measures that President Cristiani announced during a nationally televised address. Fidel Chavez Mena expressed serious concern over these economic measures, accusing President Cristiani of barely discussing the social aspects of the measures. Chavez Mena said that the government was pursuing a free-market type economy, without the consensus of the country's largest groups.

[Chavez Mena] "I am very concerned about this. This is going to mean higher prices for everything, a hike in the cost of living, higher inflation rates, plus higher interest rates. This is going to affect businessmen because more than 80 percent of the country's businesses rely on credit. This is going to have a major effect on their production costs and obviously will mean higher prices. Frankly speaking, happiness has arrived, but it will not reach more than 3 percent of the people; instead, sadness, misery, and social problems will affect 97 to 98 percent of the population."

Dr Hugo Carrillo, National Conciliation Party secretary general, said that President Cristiani has left consumers unprotected with these measures and given speculators a free hand. Carrillo also said that this packaged swindle will be a hard blow to the masses.

[Carrillo] "Cristiani mentioned a small social program. It hurts to see how this package of economic measures will have such a terrible impact on the Salvadoran people, and Cristiani then makes it appear as if he is giving the people a small reward by announcing on the side a small social program. What use is 15 million [currency not specified] for all the country's hospitals? This works out to less than 200,000 colons for each hospital in the country—that will not last 2 months. By trying a stopgap measure of giving just a little bit of medicine—perhaps to prevent people from dying of fright after all these increases—they are really implementing a timid social program in an attempt to balance the difficult situation for those who are less fortunate."

Both politicians noted that no date was mentioned for the implementation of these economic measures, something they said could cause increased economic speculation. On the subject of dialogue with the guerrillas, the opposition political leaders said that Cristiani did not speak clearly on procedural mechanisms, which, they said, could cause the dialogue process to bog down even further.

Rebel Station Criticizes Cristiani's Speech
PA2307152089 (Clandestine) Radio Venceremos
in Spanish to El Salvador 0000 GMT 23 Jul 89

[Text] [Salvadoran President Alfredo] Cristiani has announced a series of economic measures. We know he announced those measures, because we heard his speech over a radio and television network. Those measures caused a number of reactions from various local groups.

[Word indistinct] ARENA's [Nationalist Republican Alliance] package, there is no doubt Chavez Mena [Christian Democratic Party (PDC) leader] [words indistinct] to say happiness is here. Yes, happiness is here, but only for 3 percent of the Salvadoran population. That is very unfair.

We have checked around and we do not see happiness anywhere. We see only repressed anger, worried faces, and faces that show condemnation for the economic measures.

Cristiani said deregulation of prices could accelerate inflation and increase the economic crisis.

Hugo Carrillo [National Conciliation Party leader] said the measures announced by Cristiani seem to be made against the people.

Various Legislative Assembly deputies agreed that the new economic measures would increase inflation and insecurity. [Name indistinct] said the measures are not realistic.

Rey Prendes [PDC leader] said it is impossible to implement the new economic measures. The UNTS [National Union of Salvadoran Workers] said it will exert pressure on the government to make it change its economic plan in favor of the majority.

The only ones happy about the new economic measures are the wealthy coffee producers of the Coffee Association of El Salvador, who are said to be pleased with the new measures announced by Cristiani.

[Words indistinct] the local newspaper EL DIARIO DE HOY and the late newscast, which are mouthpieces of the right-wing, had problems finding favorable reactions to the new economic measures.

[Words indistinct] was happy with the announcement made by Cristiani over the national network. After so many promises, the only thing that the announcement of those complex measures—that will benefit no one—provokes is fury. That is exactly what will come next, the generalized fury of the Salvadoran people.

FMLN Blames Government for University Bombing
PA2307230689 (Clandestine) Radio Venceremos
in Spanish to El Salvador 0014 GMT 23 Jul 89

[Press Bulletin issued by the Farabundo Marti National Liberation Front in El Salvador on 22 July—read by announcer]

[Text] In connection with the bomb attack on the Central American University [UCA] at daybreak on 22 July, the Farabundo Marti National Liberation Front [FMLN] states the following:

1. This act is part of the policy of terror that the Nationalist Republican Alliance [ARENA] government has implemented in an attempt to discourage all types of opposition to the antipopular and antidemocratic measures the government is taking. Within this framework, we have: The siege on the National University, threats against teachers and political organizations, and increasing repression against the peoples' movement.
2. The attack is clearly intended to cause unrest among the participants of the international peace and solidarity conference of sister trade unions that began today at the UCA.
3. We, therefore, hold Alfredo Cristiani's government and the Armed Forces High Command responsible for this new terrorist attack.
4. We strongly condemn the attack on the UCA and call upon all interested parties to join forces to confront ARENA's terrorist policies.

Nicaragua

Ortega Wants Former U.S. Officials Investigated
PA2407011289 Panama City ACAN in Spanish
2355 GMT 23 Jul 89

[Text] Managua, 23 Jul (ACAN-EFE)—Nicaraguan President Daniel Ortega today asked the U.S. Government to conduct investigations of and punish former U.S. Government officials—including former President Ronald Reagan—who were involved in drug-trafficking activities.

Ortega said: "If the investigations prove that Reagan himself was involved in drug-trafficking activities, he "should end up in jail."

Ortega made these remarks in commenting on the Costa Rican Government's decision to ban former U.S. officials Oliver North and John Poindexter from entering Costa Rica. North and Poindexter are involved in the Iran-Contra scandal.

Ortega also asked the United States not to interfere with the Central American presidents' decision to demobilize, repatriate, or relocate the contras stationed in Honduras.

During a meeting with solidarity committees from various parts of the world, Ortega urged the United States to "let Nicaraguans hold their elections" scheduled for 25 February 1990.

Ortega also asked U.S. President George Bush to let the area presidents meet in Honduras on 5, 6, and 7 August to review the Central American peace agreement.

The president asked the U.S. Government "not to send anyone to sabotage the peace plan" that will be discussed in Honduras, one of the main points of which will be the demobilization of the contras.

During their meeting in El Salvador in February, the Central American presidents committed themselves to drawing up a plan to demobilize and relocate the contras within 90 days in exchange for Nicaragua's democratization.

Nevertheless, the demobilization of the contras has not been carried out, even though the Managua government has freed 1,894 former Somozist guardsmen, amended the electoral and press laws, and promised to advance the date of the elections, Ortega said.

Ortega demanded that the United States lift the trade embargo imposed against Nicaragua in May 1985, and he called for a halt to the blockade policy against his nation.

The Nicaraguan president urged Bush to respect the decision of the International Court of Justice, which called for an end to the war on Nicaragua and "reparation for the material, human, and moral damage" against the Nicaraguan people.

Further on Ortega Speech

PA2407025389 Paris AFP in Spanish 0137 GMT
24 Jul 89

[Text] Managua, 23 Jul (AFP)—Nicaraguan President Daniel Ortega today urged the United States to join the five Central American countries' plan of action to fight drug trafficking in the region.

The plan of action, which includes the participation of the five Central American nations and the United States, was proposed by Nicaragua at the February summit in El Salvador. The plan was welcomed by the other Central American presidents.

During a meeting with representatives of solidarity committees with Nicaragua held in Managua today, Ortega said that the Bush administration has not said anything about the plan.

Ortega added: "The U.S. Government has not said anything about working closely with the Central American governments simply because Nicaragua is involved in the plan."

Ortega added: "From a political point of view, it is unacceptable for the U.S. Government to have a relationship with Nicaragua in the struggle against drug trafficking. The hypocritical attitude of the U.S. leaders is being unmasked."

Ortega also urged Washington to order "an in-depth investigation" of Reagan administration officials, including Colonel [title as received] Oliver North and General John Poindexter, who were recently mentioned in a report presented by a Costa Rican Legislative Assembly committee that is investigating drug trafficking.

According to Ortega, Costa Rican President Oscar Arias, with whom he met a week ago, is "very annoyed" by attempts to get his government involved in drug trafficking as a result of the investigations that are being conducted in his country.

Ortega added that Arias is determined to investigate the problem in depth and at the same time "Arias is also convinced that the drug-trafficking issue is linked with the Nicaraguan counterrevolution."

Ortega said: "The important thing here is the U.S. Administration's cynical attitude. The U.S. Government does not care what methods it resorts to as long as they help it destroy the Nicaraguan revolution."

Ortega said: "Once again it is proved that (the United States) resorted to drug trafficking to provide the Nicaraguan counterrevolution with weapons."

Ortega said the least the Bush administration can do now is to order "an in-depth investigation and to punish all those involved in those activities."

The president also issued a severe warning to the antigovernment private enterprise and LA PRENSA newspaper after accusing them of "destabilizing" the economic program by giving "false" information. The newspaper had reported on Saturday that a large-scale monetary devaluation such as the one that took place in June was imminent. Ortega denied this report.

The leader stated that if such a "campaign" was successful in creating uncertainty and speculation, "we will have no other choice but to restrict the plan for a mixed economy, stay with the patriotic workers, peasants, and producers, and let the rest of the producers go to hell."

The government recently confiscated properties that belonged to opposition landowners after it accused them of promoting "anarchy and chaos" in the productive sector.

The president said he had recently sent this message to the opposition groups through Cardinal Miguel Obando y Bravo but that "they did not understand the message."

Ortega noted that if the situation continued, the revolution would be forced to become "radical" and take "extreme" and confiscatory measures against those producers who adopted positions that were "clearly counterrevolutionary."

In conclusion, the president stated that Nicaragua requires that three conditions be met in order to hold a dialogue with the United States: Respect for the Central American governments' desire to disband the counter-revolutionary forces in Honduras, suspension of the commercial embargo and blockade against Nicaragua, and noninterference to allow Nicaraguans to hold "our own elections."

UNO Waiting for Ortega Invitation to Talk
PA2207201989 Managua Radio Corporacion in Spanish
2300 GMT 21 Jul 89

[Communique issued by the National Opposition Union in Managua on 21 July]

[Text] The National Opposition Union (UNO) informs the Nicaraguan people and the international community that it is waiting for an invitation to a national dialogue from President Daniel Ortega. Ortega pledged to immediately establish this dialogue during talks with his Costa Rican counterpart Oscar Arias.

To support the dialogue, the UNO confirms that its representatives to the negotiating commission are Silvano Matamoros, Eli Altamirano, Duilio Baltodano, Luis Sanchez, and Jaime Bonilla.

The UNO deplors President Ortega's delay in establishing the national dialogue. The UNO refuses to participate in [word indistinct] talks between the government and one or more political parties, which would (?further delay) the establishment of electoral and political guarantees, which are essential if the Nicaraguan people are to enjoy a trustworthy electoral process and start solving the country's crisis.

Managua, 21 July 1989
UNO

LA PRENSA Publishes Poll on 1990 Elections
PA2207173889 Managua LA PRENSA in Spanish
18 Jul 89 pp 1, 12

[Article by Cristiana Chamorro B. based on the results of a public opinion poll conducted by Costa Rica's Borge y Asociados, S.A., for the newspaper LA PRENSA and the Miami newspaper EL NUEVO HERALDO, in which 1,220 Nicaraguans were polled from 27 June to 6 July 1989]

[Text] "One should never lose hope" seems to be not only a saying of some Nicaraguans today, but of an entire people, who view the 1990 elections as the only means to attain a better future.

Without concealing their reservations about and distrust of the Sandinist government, a 63-percent majority of Nicaraguans believe that the elections scheduled for 25 February 1990 will partially resolve the social, political, and economic crisis Nicaragua faces after 10 years of Sandinist rule.

Only 24 percent believe that the elections will not solve anything. This shows that the majority's optimism hinges on a peaceful transition to democracy as the solution to all problems.

As for the elections, it is believed that they will not help the FSLN [Sandinist National Liberation Front] remain in power. Only 33 percent believe that they are an instrument to perpetuate the FSLN. A 49-percent majority believe that they will further democratic interests in Nicaragua.

A desire for change leads 49 percent of the people polled to say that they would vote for a united opposition; 25 percent for the FSLN; and 24 percent would abstain. In other words, if the elections were held tomorrow, the opposition would win by a 2 to 1 margin.

However, doubts about the process itself emerged when the people were asked a number of questions pertaining to the FSLN's nature and the Nicaraguans' degree of trust in Sandinism as the guarantor of fair and equitable elections.

The questions that were asked are among the most commonly asked at home and abroad.

The first, and perhaps most suggestive, was whether people believe that the FSLN would relinquish power should it lose the elections. Only 27 percent believe that the FSLN would transfer power to an opponent if it loses the elections. A 58-percent majority do not believe that the FSLN is seriously risking its supreme authority.

Perhaps the positions of Vice President Sergio Ramirez and General Humberto Ortega have influenced this opinion. Ramirez has publicly said that the elections are not intended to change anything. Humberto Ortega's control over 250,000 armed men thus far offers no guarantees that a popular decision against his brother, President Daniel Ortega, would be respected.

Fraud?

Logically, the second question was: What would happen if the FSLN loses the elections, refuses to relinquish power, and commits election fraud? In response to this question, 39 percent predict the return of a civil war and armed rebellion should the FSLN dash the people's civic hopes. Only three percent believe that there would be foreign intervention, and 37 percent said that they do not know what would happen.

Of those polled, 44 percent believe that the FSLN will not offer equitable conditions to the opposition during the election campaign. This answer has a direct correlation with the opinion that those polled had about the Supreme Electoral Council. Only 34 percent of the population believe that this tribunal is impartial enough to establish fair rules for the election process; 38 percent believe that it is not.

The people's distrust of the FSLN's plans was even more evident when they were asked whether the elections should be supervised by foreign observers. A 68-percent majority of Nicaraguans answered affirmatively, confirming their distrust of the rules that the FSLN has begun to impose and their wariness of the FSLN's advantages resulting from the fusion between the state and the Armed Forces.

A 74-percent majority also favored the idea that Nicaraguans abroad should be allowed to vote. This demand was made by the opposition and coincides with one of the many recommendations made by the Venezuelan group of election experts. In its 25 May report, the Venezuelan group suggested among other things "that polling stations be opened on the borders with Honduras and Costa Rica."

The Sandinist media constantly argues against allowing political parties to receive foreign aid, but this has not swayed people against this right that the opposition enjoys. Sixty-eight percent agree that political parties should receive foreign aid for an election campaign, while only 22 percent disagree.

According to a poll we took together with the Miami newspaper EL NUEVO HERALDO, 61 percent of the Nicaraguan population is against the FSLN remaining in power for 6 more years.

Although 61 percent of respondents oppose the Sandinists, only 49 percent say they will vote for the opposition. The number of people who reject the FSLN is higher than the number of people who told this poll that they support the UNO [National Opposition Union]. This difference indicates a great number of people want changes but do not believe either the FSLN or the UNO can bring about those changes. Only about 28 percent want the FSLN to stay in power for 6 more years, a figure similar to those would vote for a Sandinist candidate.

Preferred Candidates

In keeping with the idea of what changes Nicaraguans want, we asked the completely open question: "If you could choose your party's or bloc of parties' presidential candidate, whom would you choose?"

The candidates chosen by the people from the FSLN were: Daniel Ortega, 13 percent; Tomas Borge, 3.6 percent; Sergio Ramirez, 3.2 percent; Henry Ruiz, 0.8 percent; Bayardo Arce, 0.5 percent; Humberto Ortega,

0.2 percent; and Jaime Wheelock, 0.2 percent. Nicaraguans did not consider any other Sandinist a possible candidate for the 1990 elections.

Nicaraguans who did not support the FSLN came up with their list of UNO candidates. They chose: Violeta de Chamorro, 12.9 percent; Virgilio Godoy, 5.7 percent; Alfredo Cesar, 3.7 percent; Mauricio Diaz, 3 percent; Enrique Bolanos, 2.8 percent; Pablo Antonio Cuadra, 0.8 percent; Miriam Arguello, 0.3 percent; Luis Sanchez, 0.2 percent; and Gustavo Tablada, 0.2 percent. Of opposition candidates who are not part of the UNO, only Clemente Guido was mentioned, receiving support from 2 percent of the respondents.

It is interesting to compare our figures with the results published in April by the weekly newspaper LA CRONICA. Both show Daniel Ortega and Violeta de Chamorro with the same amount of support and in first place as presidential candidates.

Ups and Downs in Popularity

There are some, however, who have shown an interesting sudden drop in popularity over the past 3 months. Those whose popularity has dropped are Tomas Borge (from 8.2 to 3.6 percent) and Sergio Ramirez (from 8.2 to 3.2 percent). In other words, their images have been tarnished, and this should be of interest to their party.

The opposite happened with the opposition leaders. Most of the leaders mentioned in LA CRONICA's poll are more popular now: Virgilio Godoy's popularity rose from 5.2 to 5.7 percent; Alfredo Cesar's from 2.6 to 3.7 percent; Mauricio Diaz' from 2.4 to 3.0 percent; and Enrique Bolanos' from 2.7 to 2.8 percent. Just as in LA CRONICA's poll, Virgilio Godoy remained in second place after Violeta de Chamorro. Alfredo Cesar, until recently in exile, is the third most popular opposition leader, jumping ahead of Enrique Bolanos, who took third place in the poll published by LA CRONICA. In our poll, Mauricio Diaz also is ahead of Enrique Bolanos, who in April was ahead of Diaz. If anything became clear from this open question asked independently by LA CRONICA as well as LA PRENSA, it is that the people chose more opposition leaders over Sandinists as their presidential choice.

UNO Better Than the FSLN

The people polled believe the UNO is much more capable of solving the country's problems than the current government. The respondents were given a list of tasks. They were asked to say who—the government or the opposition—could carry out those tasks better. The respondents said the opposition would do a better job at these tasks.

The poll showed that 57 percent of the people believe UNO can put an end to the Patriotic Military Service [SMP], while 21 percent think the government can. The

SMP is regarded as the worst thing the Sandinists have done during their 10 years in power. According to the poll, 44 percent of the people believe the opposition would wage a better struggle against crime, while 35 percent think the government would.

The poll included the following question: Who can help "people like you" more efficiently, the opposition or the government? The poll showed that 48 percent answered the UNO, while 28 percent answered the government. In addition, 49 percent of the people polled think the UNO could lower food prices, while 30 percent think the government could. The poll showed that 49 percent of the people believe the opposition is a guarantee for a better future in Nicaragua, while 30 percent think the government is. Also, 50 percent of the people think the opposition can solve the economic crisis, while 29 percent think the government can. Fifty percent believe the opposition can fight unemployment more effectively, while 31 percent think the government can.

The poll showed similar figures regarding solutions to the housing problem. The poll indicated that 47 percent of the people think the opposition is more likely to fulfill the country's social needs, whereas 32 percent think the government is. Forty-nine percent of the people believe UNO can end the war and guarantee peace for Nicaragua, while 28 percent believe the government can. As for the problem of being more independent from foreign countries, 41 percent trust the opposition, while 29 percent trust the government.

Only when the people were asked on which side do they think there are more Somozists—in the government or in the opposition—was the people's opinion divided equally. This proves the people do not believe the smear campaign promoted by the government against the opposition.

The Nicaraguans' Ideal

Finally, the people were asked to describe their ideal opposition presidential candidate or the person who gives them faith in UNO as the solution to all their problems. Through a typical exercise used in this type of survey, the people polled created a profile of the person Nicaraguans view as their ideal presidential candidate.

We offered respondents the choice between voting for candidate "A" or candidate "B." The candidates had the following characteristics: Candidate "A" wants to eradicate hatred and to establish a government of reconciliation that would include both Sandinists and opposition members to rebuild Nicaragua. Candidate "B" harshly attacks the Sandinists, wants to make changes that would bring democracy to Nicaragua, and would form a government without the Sandinists.

The poll showed that 47 percent of the people polled chose candidate "A," 35 percent chose candidate "B," and 18 percent could not make up their minds.

Panama

Solis Palma Comments on General Elections

PA2207033989 Hamburg DPA in Spanish 0312 GMT
22 Jul 89

[Text] Panama City, 21 Jul (DPA)—Panamanian President Manuel Solis Palma said today that holding another general election in Panama—as suggested by the OAS—is a duty that belongs to the new government that will assume power on 1 September.

Solis Palma explained that if the United States "ends its economic aggression and if Panamanian economic activity reaches desirable levels" by the time the new government is installed, "elections could be held within a short period of time."

Solis Palma warned, however, that if those conditions do not exist, we would have to wait longer, "because the basic element needed to hold elections is the existence of the minimum conditions to hold them within a truly democratic atmosphere and without foreign interference."

Calls for 'Understanding'

PA2307005789 Panama City Televisora Nacional
in Spanish 2358 GMT 22 Jul 89

[Statement by Manuel Solis Palma, Panamanian minister in charge of the Presidency, in Panama City on 22 July—recorded]

[Text] The only thing we want is for all groups in the country to conform their views to reality. We believe that all of the groups in Panama must act in accordance with the current reality and within the context of the possibilities that exist for finding a solution to all our problems.

I have said that with or without election results—results that no one actually has, results that no one has—we cannot avoid taking into account all the groups that wield power and that constitute a force in the country. We must take absolutely all of them into account. All those groups are part and must be part of a solution to our problems. If all groups in the country fail to reach an agreement together, we will not find an overall and total solution to the country's problems.

That is why we have always asked the people not to portray some groups as more powerful than others, because that is not true. All of the groups in the country have an important contribution to make to the solution of Panama's problems. Each group is a determining factor in the solution to our problems.

I hope that the local political opposition shows an understanding so that we can all seek a common path, a national agreement that will allow us to live in peace and tranquillity. As I have repeatedly said, peace is our basic

goal. We have been able to maintain peace in this country. Peace is above any personal interests. We must not make mistakes. If we lose peace, we will lose both tranquility and confidence.

Let us consider other countries in which elections could either have been held or not held. With or without elections, there is no peace in some of those countries. We can see that those countries' problems are much more critical and serious than our country's current problems.

FDP Protests U.S. Evacuation Maneuver
PA2107175089 Panama City ACAN in Spanish
1702 GMT 21 Jul 89

[Excerpts] Panama City, 21 Jul (ACAN-EFE)—Six hundred U.S. soldiers, more than 100 armored personnel carriers, combat aircraft, helicopter gunships, and U.S. Navy units today carried out an "evacuation maneuver" and other training exercises in Panama City and the canal area.

At 1000 (1500 GMT), 74 U.S. Army South armored personnel carriers crossed the Bridge of the Americas toward the Pacific side of the canal and toward the outskirts of Panama City in a spectacular display of force that was observed by thousands of Panamanians. The operation lasted all morning.

While most of the armored personnel carriers crossed populated areas and headed for U.S. bases on the outskirts of the city, 18 armored personnel carriers separated from the column and headed for Fort Amador, the location of one of the offices used by General Manuel Antonio Noriega, commander in chief of the Panama Defense Forces (FDP). [passage omitted]

FDP General Staff member Lieutenant Colonel Arnulfo Castrejon, who watched the maneuvers along with other Panamanian officers, told ACAN-EFE that the exercises were "a provocation and a display of military force before a defenseless nation."

Castrejon charged that the U.S. soldiers advised the Panamanian authorities of the maneuvers only "5 minutes before they started" and also disregarded what is established in the treaties signed by the two countries. [passage omitted]

Lieutenant Colonel Armando Palacios Gondola, chairman of the U.S.-Panamanian Combined Board, told ACAN-EFE that an official protest will be sent to the U.S. authorities. He explained that the helicopter gunships flew 150 meters above the FDP General Headquarters. [passage omitted]

Issues Protest 'Note'

PA2207003889 Panama City Telemetro Television
in Spanish 2330 GMT 21 Jul 89

[Report on "note" issued by the Panama Defense Forces (FDP) Information and Public Relations Office on 21 July in Panama City]

[Text] The Panama Defense Forces (FDP) Information and Public Relations Office has released a note which states that Panama has issued a strong protest over the U.S. Army's military exercises, which are in violation of the Torrijos-Carter treaties. The note reads as follows:

U.S. Army troops stationed in Panama this morning carried out a joint operation involving land-based, air, and naval forces at Fort Amador. These maneuvers were carried out unilaterally and are yet another violation of the Torrijos-Carter treaties, because these maneuvers were not coordinated with the Panamanian contingent of the Combined Board, as required by the 1977 treaties. An infantry company, 49 M-113 armored vehicles armed with .50-caliber machineguns, A-7 and A-37 jet planes, Cobra and Blackhawk helicopters, and patrol boats were used during the operation.

The note issued by the FDP Information and Public Relations Office points out that the low-altitude overflights by the U.S. aircraft—which were not coordinated with the Civil Aeronautics Directorate—not only constitute a violation of our country's airspace, but pose a threat to national and international commercial aviation. The deployment of patrol boats at the canal's Pacific port of entry, which was without any prior coordination, could have caused accidents with international ships crossing the canal.

The excessive show of U.S. war power and the overflights of the FDP's main headquarters alarmed and frightened the civilian population. It was learned that in some Chorrillo area schools, the students had to be evacuated. The FDP Information and Public Relations Office note states in conclusion that the Panamanian contingent of the Combined Board immediately issued a strong protest over this new act of intimidation, which comes in the wake of many other recent actions intended to sow panic in Panama.

Dignity Battalions Block Entrance to U.S. Base
PA2207001589 Panama City Circuito RPC Television
in Spanish 2314 GMT 21 Jul 89

[Report on statement by Benjamin Colamarco, Dignity Brigade commander and member of the Dignity Brigade's Patriotic Coordination Command, on 21 July—place not given]

[Text] Continuing with their "Gandhi-Panama" operation, the so-called Dignity Battalions this afternoon blocked the entrance to the U.S. Howard Air Force Base. Dignity Battalion Commander Benjamin Colamarco explains the operation:

[Begin Colamarco recording] This afternoon, a select group of volunteer Dignity Brigade patriots decided to come to the Howard Air Force Base to block the entrance to it for 15 minutes. As a form of peaceful protest by the Panamanians belonging to the Dignity Battalions over the U.S. Army's troop mobilization, which offends our national dignity, no one was allowed to enter or to leave the base. We Panamanians are pacifists; we condemn violence. We also condemn the arrogance of U.S. imperialism. We want to be respected; we want compliance with the spirit and the letter of the Torrijos-Carter treaties; and we want the departure of the excess number of U.S. troops to their bases in the United States. Only the number of troops mentioned in the treaties should remain in Panama. [end recording]

Report on New U.S. Army South 'Provocation'
PA2307003989 Panama City Televisora Nacional
in Spanish 2308 GMT 22 Jul 89

[Excerpts] [U.S. Army South Commander] Marc Cisneros is increasing every day the provocation and intimidation against the Panama Defense Forces [FDP] and the Panamanian people. U.S. war equipment and personnel this morning surrounded the [FDP] Traffic Control Department located on the Inter-American Highway leading toward the country's interior. This time, the provocation not only included positioning men and tanks in front of a Panamanian military installation—guns were pointed in a very threatening way at the Traffic Control Department. There were warlike displays of heavily armed Yankee soldiers, who were acting as if they were in a battle zone. The soldiers were posted on each side of the highway while drivers passing by were horrified to see them. Drivers felt that their lives were threatened, because the U.S. soldiers pointed their deadly weapons at every moving object.

Following Marc Cisneros' orders, the U.S. troops displayed combat tactics ranging from the mobilization of war equipment, mounting flare equipment, and using smoke signals when they withdrew. Today's actions reveal that the U.S. troops have gone beyond simple provocations and intimidations; these actions constitute an insult to national dignity, because, as the U.S. troops withdrew, they destroyed green areas that have been maintained around this traffic control point to beautify the area. They did this to provoke the patience of the Panamanian military.

After conducting their military deployment in front of the Traffic Control Post No 2, the U.S. troops openly violated the Torrijos-Carter treaties by marching down Martyrs' Avenue and heading toward Gorgas U.S. Army Community Hospital in Ancon. The U.S. soldiers, carrying war equipment, later continued to follow the irresponsible and dangerous instructions of General Marc Cisneros; they then headed to the DENI [National Department of Investigations] offices in Ancon, to Gorgas Hospital, and to the Panamanian Military Health

Unit, where they continued to carry out their war-mongering military exercises for over an hour, violating provisions of the Torrijos-Carter treaties.

Arrogantly provoking the Panamanian military and civilian authorities, the U.S. troops positioned themselves at strategic locations at the main building of Gorgas Hospital, where they set up a landing strip for helicopter gunships as part of their maneuvers. They posted one armored personnel carrier in attack position in front of the Smithsonian Research Institute. The gringo troops wore combat gear and used heavy combat equipment, high-caliber guns, radios, planes, and helicopters, which are used to constantly overfly our national airspace. The U.S. troop movements near the Military Health Battalion hospital clearly violate the treaties, because this medical health center is in an area that has reverted to Panama.

There was great tension in this area of the capital this morning when the operation with sophisticated Southern Command military equipment caused alarm among the residents of the city, and specifically in Ancon corregimiento. Ancon residents reacted and protested against the gringo troops.

The U.S. troops' military operations to provoke and to intimidate seem to be the same as those used in Vietnam against the civilian population, which led to crimes such as the Mai Lai massacre, which provoked an armed people's rejection of U.S. arrogance and political manipulation. These operations in the Panama Canal area, without coordination with the Combined Board for Treaty Affairs, endanger national and international aviation and shipping, placing the lives of many people in danger. The Panamanian authorities are warned about these military maneuvers just 5 minutes before they take place.

Today's action, specifically in the area where the Military Health Battalion is located in Ancon, was controlled [controlada] by the vigilance of FDP units, despite the presence and armed intimidation of the North Americans, who carried out their military deployment as if they were on a war front. Traffic was interrupted by the Southern Command units stationed along the banks of the canal, as part of a number of provocations through military deployments. These deployments have been protested by the Panamanian representatives of the Combined Board as a violation of the canal treaties.

In light of the constant provocations against the Panamanian people by the U.S. Army, FDP units were placed on alert in various locations of the capital to protect the Panamanian civilian population. The professional and controlled way in which the units endure the U.S. Army's acts of provocation should not be misinterpreted, because their prudence does not mean weakness, but caution to avoid the loss of civilian lives—which is what occurred in the Dominican Republic and other countries victimized by U.S. armed invasions.

The professional attitude of the Panamanian soldiers must not be confused or misinterpreted because they are resisting without making mistakes. They are not showing cowardice or lack of character. Instead, they are alert in the face of an enemy that continues to threaten and intimidate us in our own territory. They will find the FDP and the Panamanian people on their feet. There should be no doubt about the integrity and determination of our soldiers and our people, who are willing to give up their lives for Panama in face of the U.S. troops' aggression. This aggression has been carried out to such a point that a mere human error could bring about a massacre in areas that are densely populated by children.

These U.S. actions against Panama, which are organized by Cisneros, are being intensified as we approach 31 July, the anniversary of the death of General Omar Torrijos, when a number of activities are being planned to commemorate this date and to continue our nationalist affirmation. The United States has been intelligent when seeking out its henchmen and, as the writer of a book has said, in World War II, the United States first sacrificed its blacks, then its Puerto Ricans, then its Chicanos, and then its own people. Now the United States has given command in Panama to a soldier who has no academy training, who has no flag and no fatherland, so that he can carry out these dangerous actions against Panama.

Televisora Nacional will send this report, which again shows the level of U.S. hostility against Panama, to Apostolic Nuncio Msgr Sebastian Laboa and OAS Secretary General Joao Baena Soares as one more piece of evidence of the actions that the U.S. Government carries out against the Panamanian people.

Observers Comment on Exercises
PA2307175589 Panama City ACAN in Spanish
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[By Andreu Claret]

[Text] Panama City, 23 Jul (ACAN-EFE)—The spectacular military display carried out in the Panamanian capital over the past few days by troops of the U.S. Southern Command has astonished diplomats and observers, who are wondering about Washington's true intentions.

In less than 48 hours, over 100 armored personnel cars, almost 1,000 soldiers in combat gear, and an entire fleet of helicopter gunships have staged the largest in scale maneuvers in recent years, right in the Panamanian capital and its environs.

On Friday, 600 men and 74 armored vehicles crossed the famous Bridge of the Americas and entered the city limits to begin "Operation Purple Storm," an exercise to evacuate U.S. citizens who live near one of General Manuel Antonio Noriega's main offices.

The next day, 100 marines in armored vehicles and Black Hawk and Chinook helicopters entered another neighborhood for an operation to "protect" a U.S. military hospital.

In both cases, the soldiers' assault weapons, the binoculars used by the officers, and the guns mounted on the armored vehicles were directed primarily toward the many Panamanian military installations that are located in these areas.

The two operations were personally led by General Marc Cisneros, commander of U.S. Army South, who recently said that he is in favor U.S. military intervention to oust Gen Noriega from power.

Diplomats and observers are wondering what Washington's objective is, and are divided between those who consider this entire display to be a form of "psychological warfare," and those who believe that the mobilization of so many troops can only be a prelude to military intervention.

One Latin American ambassador admitted that he believes, "for the first time since the crisis began" 2 years ago, that there is a possibility that the United States is actually preparing for military action "to remove Noriega, if the political dialogue sponsored by the OAS fails."

However, most of his colleagues maintain that the U.S. objective is "political" and that the possibility of an "invasion," claimed by the progovernment media, "is not in the U.S. Administration's calculations."

Among some Latin American ambassadors, the idea is gaining ground that the United States might be seeking to undermine the mediation efforts of the OAS, which has proposed a negotiated solution to the political crisis with which the country has been afflicted since the annulment of the past elections.

One military attache, who commented on events with the proviso that he not be identified, said: "Everything is a show, including Cisneros' statements." Cisneros is the commander of U.S. Army South, to which most of the 12,000 soldiers based in Panama belong.

"If they really intended to intervene, they would not announce it," the officer said, in reference to Cisneros' threat that he feels that political avenues have been exhausted and that an armed intervention is necessary.

Others, who on the contrary believe that Cisneros "means what he says," point to the announcement this very week, of the early retirement of General Fred Woerner, commander of the Southern Command, who is considered a "moderate" by the State Department, and who is opposed to a "military solution."

It is believed that this theory is enhanced by the nature of the 2,000 reinforcements recently sent by U.S. President George Bush. According to some analysts, these troops are highly specialized in rapid action, both in the jungle and in urban areas.

Some sources maintain that Cuban and Nicaraguan secret services have informed Noriega of this fact.

The British daily THE TIMES said on Saturday that the CIA has organized a guerrilla movement made up of former Nicaraguan contras, whose mission might be to precipitate military events through commando actions from the Costa Rican border.

Although most observers still do not believe in a military denouement, increasingly more of them believe in the possibility of an incident, either deliberate, or accidental.

"These are dangerous games," said a European diplomat who witnessed the last operations and saw soldiers of the two countries face to face at a military installation.

To avoid incidents that could result in an intervention, Noriega has issued strict orders not to prevent the passage of any U.S. military vehicle, even if they are "violating" the treaties signed by the two countries in 1977.

Meanwhile, the regime is taking advantage of the situation and has accused Washington of "sending warnings to the OAS," 5 weeks before 1 September, the date on which there should be the "transfer of power" suggested by the organization, which the regime and the opposition each interprets in its own way.

One of Noriega's main advisers, Renato Pereira, interpreted the "OAS change of attitude" (more favorable to the regime) as an "attempt by Latin Americans to avoid being associated with the U.S. military aggression."

Meanwhile, the attitude of the Panamanian military has generated unprecedented situations, such as the sight of some soldiers playing basketball on a Panama Defense Forces court, while U.S. helicopter gunships fly overhead at an altitude of less than 150 meters.

Even the population seems to have adapted, without any fuss, to the possibility of coming across an armored vehicle or a "Gringo" soldier lying in the grass, as if the war were about to begin.

Ritter Issues Statement on OAS Meeting
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in Spanish 0133 GMT 22 Jul 89

[Statement by Foreign Minister Jorge Ritter at the Omar Torrijos International Airport in Panama City upon his return from the OAS foreign ministers consultative meeting in Washington—live]

[Text] Good evening, Your Excellency, President of the Republic, fellow ministers, directors of autonomous institutions, comptroller general, distinguished members of the press:

I will make a brief statement. The president has been informed of the efforts made in Washington during Wednesday's and Thursday's consultative meetings; therefore, I can reveal some of what occurred during those meetings.

First of all, I want to explain something that perhaps is not clear, as there may be some doubts regarding the instruments being used at the OAS.

Since the first session of this consultative meeting—the 21st foreign ministers consultative meeting—Colombian Foreign Minister Julio Londono, the meeting's chairman, held informal consultations with all the foreign ministers prior to the meetings to obtain a consensus on the documents. The resolutions are not voted on. He adopts decisions as chairman, but only after consultations, and these decisions must be approved by all countries. The only exception was during the past session, when for undisclosed reasons Nicaragua did not agree with the chairman's decision, which did not occur this time.

Therefore, the decision adopted by Julio Londono, the chairman of the meeting, is in practice the decision or document agreed upon by all OAS member countries. Each one was consulted and many of them even expressed their position and agreement with the decision's text adopted by the meeting chairman.

I said that I had to disclose some details. I will explain why this meeting—these consultative meetings are normally short and last only 1 day—lasted so long. The meeting began...[changes thought] The informal meetings took place on Tuesday and a good part of Wednesday. The meeting was called for 1500. Then it had to be postponed until 1630 and finally began after 1800. There was the possibility of reaching a negotiated solution. The chairman decided to call a recess until 2200 that evening to reach a consensus. At 2200, in fact—I am speaking of Wednesday night—we had arrived at a consensus on the text of the chairman's statement. Fundamentally, the text noted that the commission had been in Panama. It noted with satisfaction that the dialogue had begun in Panama and mentioned the agenda that the parties had agreed to study and to discuss during the dialogue. Finally, there was the controversial point, Point Five of the meeting. Point Five of the chairman's decision said that the parties had asked the OAS commission to continue to assist in the dialogue. This has been interpreted as an extension of the mandate. In reality, the first function of the OAS mission that came to Panama was to find formulas for agreement. It noted that the dialogue had taken place and that the parties had asked the commission to continue to assist in the dialogue. This is true, because it was stated in the first communique issued during the dialogue held in the Vallarino building, the OAS headquarters. Based on the fact that the parties had asked the OAS commission to continue to render assistance, the organization urged the commission to do

so, so that there could be a transfer of power in Panama on 1 September 1989, in keeping with Panamanian internal mechanisms, and the holding of free elections as soon as possible.

That is the document's text. All OAS foreign ministers—all of them—are very aware that the 7 May elections were annulled. I reiterated that the elections were annulled the day after the meeting. The OAS foreign ministers are very aware that the 7 May elections annulment was ratified by a Panamanian Supreme Court of Justice's definitive and compulsory ruling, and that in Panama, there is only room for a government of reconstruction or reconciliation. The name we give to that government is perhaps the least important issue; what matters is the need to install a government that will call for new elections. That is basically what most of the OAS foreign ministers said during their speeches.

What are the differences between this document and the previous OAS resolution? The first OAS resolution referred to democratic mechanisms for the transfer of power in accordance with the sovereign will of the Panamanian people. It also contained statements that were considered or interpreted erroneously, such as that concerning the possibility of recognizing the results of the 7 May elections.

I believe that the OAS foreign ministers never considered that possibility. However, that possibility was always present. For that reason, the OAS foreign ministers' decision to eliminate both references—the one about the democratic mechanisms and the one about the Panamanian people's sovereign will—confirms the fact that it is not possible to reinstate the 7 May elections. To make the document even clearer, the OAS foreign ministers stated that when power is transferred on 1 September, or rather, the government that is installed on 1 September must call for new elections as soon as possible.

That was the main point of discussion during the meeting. All OAS foreign ministers reached a consensus on that point. The 31 countries represented at the OAS meeting agreed on that. The meeting was almost over, but, at that point, the U.S. assistant secretary of state requested a recess until the next day, because he said that some consultations had to be made. Some foreign ministers opposed the request. We did not make any statements during that part of the meeting, because we wanted this resolution to be subject to as broad a consultation as possible.

Of course, we had been in permanent consultation with the president; there was permanent communication with him. We talked with President Solis Palma and with a group of advisers who were meeting with the president until very late that night. They were fully and rapidly aware of the various changes made to the text of the

resolution. Immediately following the president's approval of the final text, I informed the meeting's president, and he announced that there was a general consensus.

Some of the foreign ministers questioned the reason for the recess. They wondered why the OAS was delaying an issue on which all its foreign ministers agreed. Furthermore, one foreign minister expressly stated that he disagreed with the recess, because if the 31 states represented at the OAS had reached a consensus, there was no reason to consult with any other group. He clearly referred to certain conversations between some of the OAS delegations and the Panamanian opposition delegation that was in Washington.

Out of courtesy, I did not oppose the meeting's postponement until 1100 the next day. I was aware of the danger, since there could be an attempt to try to change the communique's text that the president had approved. That same night, President Solis Palma stressed to us that the text on which all the OAS foreign ministers had agreed would be the only one Panama would accept. However, I must clearly state that the next morning at 1100, the meeting's president approved the same text that could have been approved the previous night. In other words, the text was not altered.

However, that night the media kept asking why the resolution text had not been approved if there was already a consensus. They wanted to know which sentence was the source of irritation and what the disagreements were about. The Panamanian opposition then expressed its disagreement with the resolution text because the words democratic mechanisms were excluded, and particularly because the resolution called for free elections after the 1 September transfer of power. The Panamanian opposition was correctly interpreting the resolution as stating that the 7 May Panamanian elections could not be reinstated, that the 7 May elections could not be revived. This was the resolution's essence.

I have not participated and am not participating in the dialogue taking place between the government and the opposition. It was therefore as a result of the Panamanian opposition's disagreement with the OAS resolution that I realized that the OAS' mention of democratic mechanisms and consultations with the people could have been interpreted as a call for the recognition of the 7 May election results. The text approved by the meeting's president clearly explains the situation, and the other foreign ministers and I believe that this was the intention of this resolution. Then came the session during which the text of the resolution was approved. The president approved it, and then he looked around and asked if there were any objections. No one objected. Then he said: This is the president's decision.

The U.S. representative then asked for the floor and made interpretations that were not shared by any country. Nevertheless, I asked for the floor to speak on behalf of Panama to repudiate the U.S. interpretations and to explain what a transfer of power means. The U.S. representative had said that a transfer of power means that General Manuel Noriega has to retire. Several foreign ministers said that nothing that was not directly stated in the resolution could be inferred from it. I established the Panamanian Government's position on the meaning of the expression transfer of power. A transfer of power means that the presidential term ends on 1 September, and that, based on the Constitution, a new presidential term begins on 1 September. A transfer of power means just that. What happened is that from the very beginning an effort was made to interpret that statement differently, and there were doubts as to the meaning of a transfer of power. Perhaps the meaning is now clear.

I believe that now all of us at the OAS are speaking the same language. When I say that we are speaking the same language, I mean that we share the same premise, which is that the reason for the OAS foreign ministers consultative meeting was the voiding of the Panamanian elections; the elections were annulled. This is a fact, a binding fact, and the Panamanians must reach—or should try to reach—a national agreement that should lead to a transfer of power.

These are the facts. I have been surprised by the rejection the resolution received from certain sectors. Today there have been many reports on the Panamanian opposition's disagreement with the resolution approved at the OAS meeting in Washington. U.S. and Latin American dailies have also reported this. I am surprised because we Panamanians had perhaps a different idea. When the OAS foreign ministers first met on this case, one reason for that meeting was the voiding of the elections—elections that could not be reinstated. I believe that an understanding and a calm attitude could lead to new elections.

This will happen when emotions cool down in Panama; once we all understand what the OAS has stated; that the OAS has said nothing new. The OAS did not make up anything; the OAS did not annul the elections. In keeping with the organization's charter, the OAS has stated that Panamanian internal mechanisms or its legal system definitely annulled the elections. The OAS is upholding the principle that the affairs of a state pertain only to that state.

Therefore, it would be a misinterpretation of the decision of the consultative meeting's president to say that the OAS has decided to annul the elections; the Panamanian Electoral Tribunal annulled the Panamanian elections. Panama's Supreme Court of Justice upheld that ruling and made it binding and obligatory. There is nothing new in the OAS resolution. It only reaffirms the true situation in Panama.

I will end this very brief report by stating that during consultations with the president, and on behalf of the Panamanian delegation—which consisted of Ambassador Adolfo Ahumada; Dr Jose Cabrera, Panama's permanent OAS representative; alternate representative Dr Russell; and Ambassador (Sevilla)—I pointed out that on 6 June, I had denounced U.S. treaty violations, threats of military intervention, and aggressions. I also pointed out that I would be calling to the OAS' attention the fact that those incidents and threats had actually intensified since 6 June. I told the president that this does not help create an atmosphere necessary for a national dialogue.

Another delegation voiced a similar opinion. That delegation said that one of the United States' basic responsibilities in this negotiation process is to end its aggression and to free up frozen Panamanian assets, that in this way the United States would be helping Panama and the OAS create an atmosphere of calm or that at least it would allow this kind of atmosphere to exist. This is the kind of atmosphere necessary for the talks that are taking place. All countries praised the progress made and the government's and the opposition's willingness to reach an agreement. That was the crux of the discussion, that the United States should end its aggression; that it should allow the process to continue, or allow the appropriate conditions for a national dialogue to exist.

Afterward, there were formal expressions of satisfaction over the work done by the commission and the interpretation provided by Panama of the term transfer of power. There were also the usual expressions of gratitude for the efforts of the meeting's president. The president not only leads the discussion but the entire process of informal meetings among foreign ministers. On this occasion, these meetings lasted more than 16 hours. Sometimes these informal meetings are divided into groups, such as the Central American, Caribbean, or South American groups, or the Group of Eight. This kind of negotiation is extremely complex, and this is why texts drafted at the OAS are adopted by consensus.

I repeat, in the end, nobody, not even the United States, objected to that text. Quite the contrary, the U.S. delegate offered his own interpretation and said that the elections could not be held in 2 or 3 years, but that they should be held as soon as possible. Some Panamanians, who were not delegation members but who were present, showed their dismay over and great dissatisfaction with the resolution. Mr President, I know that you have already been informed about all this, but this was the report you asked me to give to the other government officials and reporters who are present. Thank you very much.

Holds News Conference

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[News conference given by Foreign Minister Jorge Ritter at the Omar Torrijos International Airport in Panama City upon his return from the OAS foreign ministers consultative meeting in Washington—live]

[Text] [Reporter] Does the OAS resolution, which practically excludes some of the points on the agenda, make

sense—especially the part on the elections? Does the extension of the tripartite negotiations make any sense? It is clear that new elections must take place and all that remains to be discussed is the creation of a national reconciliation government.

[Ritter] I believe that a dialogue makes a lot more sense now because now dialogue is clearly needed. Panamanians must now agree on how the transfer of power will take place on 1 September, since the elections were annulled. We have to reach an agreement on that.

We did not believe that the dialogue would have made much progress if we were held up by discussions on whether the 7 May elections were valid or not. Now that it has been widely agreed that the elections were annulled, Panamanians must now reach an agreement. You must remember that the delegation came here to help out each group because each group requested its presence here. All three groups wanted it to return here. Therefore, a dialogue makes sense if all groups believe there is room for an agreement. The truth is that there were several monologues in Panama, but now at last we have a dialogue. It was because of the OAS and the commission of foreign ministers that the dialogue took place. Since the OAS was the only entity that could call for a dialogue, all the members decided the commission of foreign ministers should continue helping us in the dialogue process. So, I believe its assistance makes a lot more sense now. The foreign ministers are willing to return when all groups decide they should do so.

[Reporter] Foreign Minister, there are subtle differences in diplomatic language. The Panamanian Government will probably admit that the OAS has confirmed the position of the Panamanian Supreme Court, which invalidated the elections. Would this not be interference in the internal affairs of Panama? I have another question: There is some concern regarding the transfer of power because when the Panamanian Government explained its position, we got the impression that such a vague phrase could become an instrument of negotiation so that agreements could be reached with the opposition before 1 September on the formation of a different form of government from the one we now have. Is this the case, and could something like this take place before 23 August?

[Ritter] Let me explain why this OAS resolution is perfectly compatible with the principles we have upheld regarding self-determination and nonintervention in our internal affairs. I want to make it clear that Panama did not go to the OAS seeking their ratification or blessing on the annulment of the elections. Both sides asked the commission of foreign ministers to come here. This commission of foreign ministers had the sole task of seeking formulas for an agreement. They thought that once the dialogue began, their task was completed to a certain extent. Therefore, the OAS had to give them a new authorization so they could return to Panama. But what would they do in Panama? This is where they had

to start from the basis that the elections were annulled in Panama. They did not come here to interpret what one of the parties was saying. The OAS only accepts that which is already consolidated according to the internal legal mechanisms of each state. The annulment of the elections was not ordered by the OAS. It was ordered by the Panamanian Government. The only thing they came here to do here was to offer assistance to each party.

How will the commission assist each party? On 1 September—this will fit in well with your second question—one term will expire and another must begin in Panama. However, the articles of the Constitution cannot be applied now because the Constitution states that a new president will be sworn in on 1 September following the elections. There were no elections because they were annulled; therefore, the Constitution does not explicitly say how power will be transferred on 1 September.

What Panamanians themselves must determine is how the transfer of power will take place, because that no longer falls under the Constitution. The OAS is asking or authorizing [the OAS mission]—and this is something that must be made clear, and that is why I thank you for that question—to help the sides, based on the premise that the sides have asked it to help. It was asked to help the sides achieve this goal: a transfer of power on 1 September and elections as soon as possible.

Why? Keep in mind this decision represents the combination of many factors. There is much discussion at the OAS that the concepts of democracy, self-determination, and nonintervention are not mutually exclusive but complementary. That was one of the views discussed there. This view applies to every area. When some countries meddle in the affairs of other nations, they say: The OAS Charter forces us to seek democracy. This idea seems at odds with the principle of nonintervention, which is the way some feel. That is why the language used must be amenable to 31 countries. It must reconcile positions as different as the U.S. and Panamanian positions. It must cover stances as different as the regimes that exist in Latin America, as well as different stances on the same topics.

So, one reaches a consensus of this kind by respecting—and all the countries have reaffirmed it—the principle of nonintervention. Why does this resolution reaffirm the principle of nonintervention? Because the Panamanian Supreme Court ruled that the elections were annulled, and it is not within the OAS purview to say whether or not the annulment was valid. The elections' annulment is an objective and hard fact in Panama. That is why the resolution and the commission president's [Colombian Foreign Minister Julio Londono's] decision is totally compatible with the principle of nonintervention.

I repeat, we did not come to get an OAS confirmation of the election annulment. Instead, the OAS accepted the fact that the annulment took place as the result of

Panama's internal mechanisms and its need to normalize its democratic process. That is why the resolution does not indicate how and when the elections will take place, but it talks of elections, which is the way the OAS feels democracy is expressed and implemented.

[Reporter] Euclides Corro of CRITICA. Now that the OAS resolution has been approved, what steps must Panama take to get the United States to end all the forms of aggressions it is implementing against our country?

[Ritter] When Panama reaffirmed the need for the United States to end the aggression, and when I mentioned or reiterated that there can be no national agreement in Panama as long as the United States does not end that aggression... [changes thought] Considering that the United States unilaterally made that decision, I feel Panama's position at the OAS and at the United Nations must be to reiterate that the U.S. aggression and military threat is still in force and that Latin American countries must realize the peril looming over the country and Latin America in general when this kind of action is taken.

However, going beyond that warning, I think we have the cooperation of the OAS foreign ministers because they will understand—and I am sure they understand—that part of the problem... [changes thought] I think the largest share of the burden falls on the United States for the measures it adopted against Panama. I repeat: The ministers understand this is true. A final solution in Panama must necessarily involve the end of U.S. aggression.

[Reporter] I have two questions: The ADOC [Civic Democratic Opposition Alliance] said today it expects to withdraw from the dialogue because of the new elections proposal. They claim the people's will cannot be negotiated and that the people have already expressed themselves at the ballot box. They also claim they will not accept a government through formulas proposed by the government. How do you feel about that?

[Ritter] I think it would be regrettable for ADOC to withdraw from the talks. The formulas proposed in a dialogue are meant to be discussed. They have a formula. A formula is proposed. This is what happened in the discussion of this text of this resolution. I am not exaggerating when I say the same paragraph had perhaps 15 different versions of one phrase—a word, a comma, an and instead of an or, and an or instead of an and. All these things contribute. In a crisis as complex as the Panamanian crisis, there of course have to be very intense negotiations.

However, it would be regrettable if ADOC were to withdraw from the dialogue. If we believed that the 7 May elections were still valid, we would not have needed to hold a national dialogue in Panama, we would not

have needed to call for an OAS foreign ministers meeting, and the parties involved in the Panamanian problem would not have needed to invite the OAS foreign ministers to continue that dialogue.

The ADOC's attitude seems to demonstrate that its leaders were never truly willing to talk. If what they wanted was to say: We want our 7 May election victory to be recognized, and we want to hold power after 1 September, then there would have been no need for an OAS commission to help in the dialogue. The most they needed was protocol advisers to make that statement. The truth is, however, that the Panamanian problem is much more complex than that. The crux of the problem is that we must admit and accept the fact that the 7 May elections were annulled. If we do not all begin with that premise, then it is very likely that we will conduct a dialogue in two different languages. It has been said before that we would be engaged in a monologue, not a dialogue.

If some begin with the premise that the 7 May elections are valid, and others do not share that premise, we would obviously never reach an agreement. I believe that the way to reach an agreement is to have all parties involved begin the dialogue with the premise that the 7 May elections were annulled. I cannot help but express profound disagreement with the ADOC's position, because the OAS consultative meeting, the OAS special delegation's report, and the OAS resolution expressly state that, as requested by the parties involved—the Panamanian Executive Branch, the ADOC, and COLINA [National Liberation Coalition]—the OAS should continue to exert efforts to help solve the Panamanian problem. We trust that the dialogue will continue. I believe that ADOC's withdrawal from the dialogue would confirm the suspicions of those who say that the ADOC has never had a true willingness to hold talks. I want to continue to believe that a dialogue—based on the premise that the 7 May elections were annulled—is possible.

[Reporter] Mr Foreign Minister, despite your optimism regarding the continuation of the tripartite dialogue, if the opposition definitely decides to withdraw from the dialogue, would the government continue to seek a way to carry out the transfer of power on 1 September through the dialogue proposed by the Authentic Arnulfist Panamenist Party?

[Ritter] That decision would have to be made by other government offices. That decision is not really up to me. It is not up to me to make any statements about what is happening in the dialogue or to refer to the ways in which it should be conducted, because that is under the jurisdiction of the various political parties and the Executive Branch representatives appointed by the president. I want you to excuse me. I am not trying to avoid your question, but I want you to understand that I cannot go beyond my purview, which is foreign relations. That dialogue you are mentioning is a purely internal affair and has not yet become a reality.

[Moderator] Roberto Rodriguez.

[Rodriguez] Mr Foreign Minister, on 17 May, there were [words indistinct] different from the current one. How would you assess the Latin American attitude toward the Panamanian problem after this last OAS meeting?

[Ritter] I would say that there is a different attitude, because, on 17 May, many facts had been exaggerated, and there were a number of factors that made the Panamanian delegation's position very difficult. Those factors included disinformation in the press prior to the 7 May elections, the annulment of the elections, and the repeated broadcasts of images of the Santa Ana incidents that occurred on 10 May. In my opinion, all those factors led to a mistaken perception of what was really happening in Panama, so much so that the fact that Panama was living under an intense and implacable U.S. aggression was disregarded. That was almost a forgotten issue.

Latin America continues to be concerned with the Panamanian problem, of course, but there is now an understanding that the Panamanian problem only concerns the Panamanian people. The Latin American countries agree that the U.S. aggression must end so that there can be a conducive atmosphere for a national dialogue in Panama. The Latin American countries believe that the threats of using military force are incompatible with the text of the OAS Charter.

All this leads to a much better understanding of how complex the Panamanian problem is and to the realization that this is not just a matter of an election process and the voiding of an election. All this leads to the realization that this is basically a matter, a problem, of the aggression of one state against another.

I have the impression that initially the aggression issue had been given secondary importance; it was as if the people were preoccupied with the election annulment and the Santa Ana incidents. I believe that now there is a better understanding. The OAS commission that arrived in Panama has contributed to this because many of the [U.S.] maneuvers, threats, and excessive shows of force are aimed at frightening the civilian population and were carried out while the commission was in Panama. It is therefore evident that those activities were not invented or imagined. The OAS commission members were here when this happened, and they know all about the threats that Panama has been enduring. All this has led, in my opinion, to a better understanding of the Panamanian problem, of its complexity, and of the U.S. aggression.

[Moderator] To conclude, an AFP correspondent.

[Reporter] You speak of calling elections as soon as possible. Have there been any thoughts as to a date?

[Ritter] That matter concerns other offices, but I can respond in this way: The elections will take place after 1 September, and we do not yet know how the transfer of power on 1 September will take place. Whoever attains power on 1 September will determine when and how the elections will take place.

[Moderator] Mr Foreign Minister, thank you for your statements. Colleagues, thank you for your attention. [applause]

PRD Leader Calls New Elections 'Absurd'
PA2107170789 Panama City LA ESTRELLA DE
PANAMA in Spanish 21 Jul 89 p 1

[Report by Claudio Herrera]

[Text] Carlos Ozores Typaldos, vice president of the Democratic Revolutionary Party (PRD), said it is "absolutely absurd" to speak of elections in the next couple of years as long as the economic aggression and the threat of the use of force through the deployment of additional U.S. troops in Panama continue.

Ozores, one of the first PRD leaders to comment on yesterday's resolution of the OAS consultative meeting, remarked on the part of the document that calls for holding free elections as soon as possible by saying "a normal situation must prevail to hold elections."

The PRD vice president said this means "no country can be giving money to one of the sides in the elections," adding that "the government is experiencing tremendous pressure because of the economic aggression against the Panamanian people."

"Yes, I believe there should be free and democratic elections, but without the threat of the use of force by any foreign country," Ozores stressed.

The OAS resolution, which was unanimously approved, also demands support for a process in which Panamanian President Manuel Solis Palma will turn over power on 1 September to a new government, which will call elections as soon as possible.

Endara Rejects New Elections, Urges Mobilization
PA2107224389 Panama City ACAN in Spanish
2142 GMT 21 Jul 89

[Text] Panama City, 21 Jul (ACAN-EFE)—The Panamanian opposition today rejected the idea of holding new presidential elections, as proposed by the OAS, to resolve the political crisis resulting from the annulment of the 7 May Panamanian elections.

Visibly annoyed, Panamanian opposition leader Guillermo Endara said that at the annulled 7 May elections, Panama "exercised its sovereign right to self-determination." He added that the OAS resolution "is not binding for any Panamanian." Endara asserted that "nobody—

not the OAS, not any Bolivarian country—has the right to rescind the Panamanian people's rights." Endara announced that his supporters would mobilize "to ensure respect for the people's will."

The OAS yesterday approved a resolution urging a "transfer of power" in Panama, and proposing the holding of new elections "in the shortest time possible." Endara added that the opposition will decide tomorrow if it will continue to participate in the OAS-sponsored dialogue, and he accused the OAS of "falling for the regime's deceit and traps."

The OAS agreed to continue to participate in the "national dialogue," which began last week in Panama in hopes of finding a solution to the crisis. Government, opposition, and military representatives participated in the dialogue. The presidential candidate at the annulled elections insisted that "the Panamanian people have already cast their votes to determine their destiny on 7 May." In a news conference with other opposition members, Endara said: "We will not betray the Panamanian people."

The opposition, which had placed all of its hopes in the international recognition of its victory at the May elections, harshly criticized the OAS agreements, describing them as "contradictory." The opposition believes that the OAS agreements will make it easier for General Manuel Antonio Noriega, commander in chief of the Panama Defense Forces, to remain in power. "We will have to mobilize in the streets and lead the mobilizations that will take place, regardless of all the risks and consequences," Endara warned.

Meanwhile, Guillermo Ford, former opposition second vice presidential candidate, described the OAS resolution as "completely contradictory." Ford said that the OAS "should not intervene in internal Panamanian affairs," adding that this is what the OAS is doing by dismissing the results of the May elections. "Now the OAS is ignoring what happened on 7 May; it is dismissing the will of the people," Ford said. The opposition

expressed its displeasure with the extension of the OAS mandate, which has been given the deadline of 23 August to find a solution to the political crisis in Panama.

Opposition To Decide on Withdrawal From Talks
PA2207231789 Paris AFP in Spanish 2245 GMT
22 Jul 89

[Text] Panama City, 22 Jul (AFP)—The Panamanian opposition announced today that next week it will decide whether to withdraw from the tripartite dialogue with the government and the Panama Defense Forces (FDP), which began on 16 July, with OAS mediation.

"Next week we will announce our decision on whether to participate in the dialogue, after having sounded the opinion of our people and our organizations," Guillermo Endara, Civic Democratic Opposition Alliance (ADOC) leader, announced today.

Endara revealed that no agreement on this was reached today following a 5-hour meeting with approximately 100 representatives from opposition groups and politicians. Some ADOC leaders had announced the possibility of the ADOC's withdrawal from the dialogue after the OAS foreign ministers meeting recommended on 20 July in Washington that a provisional government be established in Panama as of 1 September, and that new elections be urgently called.

The opposition interpreted that decision as a "recognition" of the annulment of the 7 May elections, which ADOC claims to have won. Without going into detail, Endara today reiterated ADOC's demand for respect for the 7 May election results and its demand that General Manuel Antonio Noriega retire from his position as FDP commander in chief.

Correction to Alliance Said U.S. Puppet
PA2107131389

The following correction pertains to the item with subheading "Alliance Said U.S. Puppet," published in the 20 July, Latin America DAILY REPORT, page 54:

column two, make subslug read: [From the "Today in the World" column by Luis Manuel Martinez: "Vicious Circle"] (correcting name of commentator)

Argentina

Reportage on Cavallo's Trip, Possible UK Meeting

Foreign Minister Returns

PY2207035489 Buenos Aires Domestic Service
in Spanish 0200 GMT 22 Jul 89

[Text] Foreign Minister Domingo Cavallo has returned from Washington, where he met with high-ranking U.S. officials and chairmen of international financial organizations.

Cavallo met with Vice President Dan Quayle and Secretary of State James Baker III and attended a meeting of OAS foreign ministers. During the meeting the foreign ministers studied the Panamanian issue.

Cavallo discussed political and economic matters with Quayle and Baker and explained the Menem administration plans to them.

Cavallo: Menem To Meet Bush

PY2207190689 Buenos Aires TELAM in Spanish
1722 GMT 22 Jul 89

[Text] Buenos Aires, 22 Jul (TELAM)—Foreign Minister Domingo Cavallo has confirmed that President Carlos Menem will meet with his U.S. counterpart George Bush on 25 or 26 September. On that date Menem will travel to Washington and then attend the UN Assembly. Cavallo briefed Menem on the favorable U.S. reaction to the Argentine position on finding a solution with Great Britain on the Malvinas issue.

Cavallo made this announcement this morning upon arriving from the United States and after meeting with President Menem at the Government House. While he was in the United States, Cavallo met with high-ranking officials of that country.

In a brief statement, Cavallo said that during the meeting that lasted approximately 20 minutes, he briefed Menem on the reaction in the United States to the Argentine Government's position on finding a solution with Great Britain over the South Atlantic conflict through dialogue and negotiation.

After meeting with Cavallo, Menem left Government House at 1400.

Cavallo Denies Planned UK Meeting

PY2207161989 Buenos Aires TELAM in Spanish
1550 GMT 22 Jul 89

[Text] Buenos Aires, 22 Jul (TELAM)—Foreign Minister Domingo Cavallo today said: "There is no schedule for an eventual meeting with British authorities, and no site

has been selected to discuss the Malvinas Islands issue." He also said press reports about a 'stand-by' credit he had reportedly requested in the United States are "completely false."

In a statement he made at Ezeiza International Airport upon arrival from Washington, Cavallo said: "I only said that at the proper time and through the Economy Ministry, we may request a stand-by loan."

Asked about reports stating that "a meeting will be held in Brazil on the Malvinas Islands issue," Cavallo said: "These reports are mere speculation." He added "There have been no contacts yet. No decision has been made about meetings between British and Argentine representatives and even less about dates or sites."

Foreign Minister Cavallo said that during his trip "we met with officials from all levels of the Bush administration. We also met with U.S. senators and U.S. representatives who deal with issues of interest to our country."

Cavallo also said that yesterday Deputy Foreign Minister Juan Archibaldo Lanus informed him about the "finding of documents in the Foreign Ministry" on an alleged "mishandling of funds" during the previous administration. In answer to a question, Cavallo said: "The issue has been submitted to the courts, and it is for the courts to decide."

Menem Open on Falklands Issue

PY2107213689 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1240 GMT 21 Jul 89

[Text] Buenos Aires, 21 Jul (NA)—This morning President Carlos Saul Menem confirmed that he will attend the reconciliation mass being organized by leaders of Revolutionary Peronism and military men of the last de facto government with the objective of "closing wounds" caused during the 1970's.

"If the mass is held, I will be there; there are no obstacles. I am one of the persons who have raised the banner of rediscovery and reconciliation among all Argentines," he emphasized.

Regarding the Malvinas, Menem indicated that if there is "a gesture of goodwill on the part of England regarding the exclusion zone" that surrounds the islands, "then there will be possibilities of now entering into a more fluid dialogue."

In remarks to Radio Mitre, Menem said that if the exclusion zone is lifted, then "the owners of this part of the Atlantic could exploit the fishing wealth that belongs to us."

"England cannot suddenly leave the zone in order to begin talks, to enter into a dialogue. This is a matter for dialogue, talks, negotiations. At the present time the English leaders have only put out feelers, and, of course, there are our feelers," he said.

Menem then indicated that if there are advances in dealing with the topic of sovereignty "starting from bilateral situations [words indistinct] in that aspect," then it could be that "with time England will leave that zone of exclusion."

He termed that possibility as "remote," and he discarded the possibility that [Uruguayan] President Julio Maria Sanguinetti will meet within the next few days with British Prime Minister Margaret Thatcher.

Menem said that "Sanguinetti only told me about his willingness to participate in an unofficial capacity in a possible contact for a possible renewal of relations between Argentina and Great Britain on the basis of two points: the lifting of the zone of exclusion and a cessation of hostilities."

National Mass Discussed; Army Official Sworn In
PY2107235089 Buenos Aires BUENOS AIRES
HERALD in English 21 Jul 89 p 11

[Text] (NA-DYN)—Defence Minister Italo Luder yesterday referred to the "national reconciliation" mass as a "positive step" towards the reconciliation of the Armed Forces with former Montonero guerrillas but rejected the rumour claiming that the church service was being held as the first step towards granting an amnesty or pardon to the military officers accused of human rights violations during the "dirty war" anti-terrorist campaign.

In statements made after the ceremony in which Adolfo Barberis was sworn in as the new Border Guard Commander, Luder expressed himself in favour of the "reconciliation" mass and said that it was in line with the Justicialist government's call for "national unity."

Luder said that the Defence Ministry "is studying" different solutions to the military problem while he stressed that a solution of the conflict could not be announced on a fixed date and added that the cases of the military officers accused of human rights violations "remain in the hands of civilian courts."

Newly-appointed Border Guard Commander Barberis called on his subordinates to have faith in the "Catholic concept" on which the actions taken by the force are based.

Navy-Chief-of-Staff Jorge Ferrer and former Defense Minister Horacio Jaunarena were among the people who attended the ceremony.

In related developments, former military president Reynaldo Bignone yesterday contradicted previous statements in which he claimed that he would attend the "reconciliation" church service and said that "nobody asked me whether I would be willing to attend the ceremony."

Bignone criticized the organizers of the religious ceremony, which will apparently be held in Lujan on August 15. Speaking on his own behalf, Bignone said that whether he attended the service or not made no difference, because "from the Nation's point of view, my reconciliation with anybody means absolutely nothing."

In turn, Deputy Simon Lazara claimed that "there is no moral authority" to hold the reconciliation mass, because "in the eyes of society, none of the groupings (military and terrorist) carried out self-criticism for the crimes they committed."

Furthermore, Episcopal Conference Chairman Cardinal Raul Primatesta is still waiting for an answer from the government "as to how the military problem will be resolved," before giving his final approval of the religious service, it was disclosed by reliable sources.

The sources revealed that neither the military officers nor the Montoneros have requested Primatesta's authorization to hold the ceremony, and added it has not been decided yet if the mass will or not take place "far less the date on which it will be held."

In other developments, General Horacio Guillermo Canestro yesterday took the oath of office as Army-Chief-of-Staff Director. The ceremony was presided by Army-Chief-of-Staff Isidro Caceres.

Rapanelli Says Price Agreement 'Being Respected'
PY2107232489 Buenos Aires BUENOS AIRES
HERALD in English 21 Jul 89 p 5

[Text] (NA-DYN)—Economy Minister Nestor Rapanelli yesterday stated that "the prices pacted with business leaders are being respected" and revealed that "food shortages have been overcome."

Rapanelli pointed out that during a meeting with owners of large supermarkets he was told that the price agreement is being heeded by most companies.

Supermarket owners association president Ovidio Bolo reportedly told Rapanelli that "price levels are very moderate and some have even gone down."

According to a reliable Economy Ministry source, the government is reportedly satisfied with the results of the price agreement. The source predicted that prices would be either stable or might even dip as a result of the pact, thus bringing down inflation for the following months.

The informer also pointed out that the current gap between the official and black market dollars "is not a source of concern" for the Menem administration, "which is confident that the plan's success will convince investors to stop speculating."

"Inflation will drag on for a few more months due to the lagging effect from the high wholesale price indexes of the last months, but prices will stabilize very soon," he said.

Economic Performance Secretary Eduardo Curia meanwhile pointed out "price controls will have to disappear with time" in the framework of a "smaller state involved only in inducing certain behaviours."

Buenos Aires Governor Antonio Cafiero, in turn, announced that "price levels are under strict control" in his province "so that the price agreement with business leaders is upheld."

NA Agency Off Air Due to Labor Conflict
PY2207004489 Buenos Aires DYN in Spanish
0010 GMT 22 Jul 89

[Text] Buenos Aires, 21 Jul (DYN)—The news agency NOTICIAS ARGENTINAS (NA) went off the air today due to a labor conflict, according to NA spokesmen.

According to labor spokesmen, the problem arose due to the nonpayment of a 30,000-austral salary advance or its equivalent that has been ordered by the government.

The agency interrupted its transmissions today at 1000 [1300 GMT]. The labor spokesmen stated that just after noon the decision was made to return to work "as a gesture of goodwill" in order to help the negotiations, but activities ceased a little while later after the company, according to the spokesmen, "abruptly put an end" to the talks.

There will now be a waiting period until Monday; therefore, it is foreseen that the agency will probably remain inactive until then.

NA Personnel Suspend Strike
PY2407001489 Buenos Aires DYN in Spanish
2306 GMT 23 Jul 89

[Text] Buenos Aires, 23 Jul (DYN)—Personnel of the news agency NOTICIAS ARGENTINAS [NA] tonight decided to end the strike that forced NA to stop transmitting for 3 consecutive days. They said they will negotiate with their employers.

The NA personnel called the strike to demand payment of a special 8,000-austral bonus and of a 30,000-austral salary advance ordered by the Argentine Government.

NA management demanded that the workers return to work as a condition for resuming negotiations.

In a communique released at the end of an assembly of workers, the internal union committee stated that "the suspension of the strike is designed to obtain a clear answer from management as to when it will pay the July salary advance and what salary proposal it will make for this month."

Yacyreta Binational Entity Directors Installed
PY2207034889 Buenos Aires TELAM in Spanish
2325 GMT 21 Jul 89

[Excerpt] Buenos Aires, 21 Jul (TELAM)—The new Argentine members of the Yacyreta Binational Entity [Entidad Binacional Yacyreta] (EBY) were installed today. Osvaldo Torres was installed as executive director, and Nereo Ruiz Diaz, Raul Reali, Alfredo Carella, and Juan Palma were installed as directors. [passage omitted]

Grenade Seriously Injures 1 Person in Corrientes
PY2107183089 Buenos Aires Domestic Service
in Spanish 1600 GMT 21 Jul 89

[Text] The explosion of a grenade that was left on the Loma Pelada field of the Santa Catalina 7th Arsenal Company, which is based in the capital of Corrientes Province, seriously injured a person who found it.

Bolivia

Foreign Minister Departs for OAS Meeting
PY2207150889 La Paz La Red Panamericana
in Spanish 1130 GMT 22 Jul 89

[Text] Foreign Minister Valentin Abecia has departed for the United States where he will attend the OAS foreign ministers meeting to discuss the Panamanian political issue.

Regarding the Panamanian issue, Jorge Gumucio Granier, Foreign Ministry under secretary for foreign affairs, has reported that the Bolivian Government upholds the principle of nonintervention in domestic affairs. He added that by upholding this policy, the government hopes Panamanian political affairs will be normalized.

Gumucio added that through the OAS, the Bolivian Foreign Ministry has supported the achievement of agreements among Panamanian political sectors before 23 August.

Gumucio also said the Foreign Ministry has already submitted a final report on Foreign Ministry activities. He added that in compliance with a presidential request, the Foreign Ministry has submitted more detailed information on some issues.

Gumucio said the Foreign Ministry has achieved highly satisfactory results in the past 4 years. He asserted that over the past 4 years, Bolivia has established diplomatic

ties with more foreign governments and that all countries throughout the world have understood the government's efforts to overcome problems affecting different national sectors.

Gumucio added that in the past 4 years, the government has successfully implemented a policy to change our country's image abroad and that, as a result, Bolivia now enjoys great respectability.

He also said international organizations have highly praised the Bolivian Government's actions.

Interior Minister on Crop Eradication, DEA
PY2107141789 La Paz PRESENCIA in Spanish
15 Jul 89 p 1

[Text] Interior Minister Eduardo Perez Beltran yesterday said that the government does not intend to violently eradicate coca crops from unauthorized areas.

He made this statement upon reiterating that 23 July is the dateline to eradicate illegal coca crops. He pointed out that this date was not chosen by the government but by the Law of Special Regulation for Coca and Controlled Substances, that was approved in 1988.

Perez Beltran said "after 23 July, the government may begin to suspend coca leaves production in forbidden areas," among them Yapacani, in Santa Cruz Department.

He also noted that some people with vested interests could be "mobilizing Bolivian peasants" to respond to an alleged repressive action which, he said, the government is not planning to take.

Perez Beltran also referred to new reports on DEA involvement in drug trade control actions. He said that the U.S. agency does not have "agents," only "advisers."

He also denied that the U.S. Coast Guard is patrolling Bolivian rivers because, he said, this would be a violation of national sovereignty.

Coca Growers' Adviser Sees 'Militaryization'
PY2107174789 La Paz PRESENCIA in Spanish
16 Jul 89 p 7

[Text] Miguel Urioste, adviser of the Confederation of Coca Producers, has told PRESENCIA that the replacement of 40 DEA agents by a similar number of U.S. officers who will conduct operations to repress the drug trade and to forcefully eradicate coca crops is one of the most dangerous steps toward a militarization of the repression in the Chapare region.

Urioste said that "despite the good intentions of Alternative Development Under Secretary Anibal Aguilar, it is a clear fact that a stage of unpredictable consequences has started in the Chapare region that could ultimately result in a social outburst."

He added that the government is mistaken when it claims that political parties are instigating the mobilization of peasants because the coca growers themselves and leaders of the peasant confederation are aware that, by implementing Law 1,008 of Special Regulations for Coca and Controlled Substances, the government is attacking the coca growers.

Urioste said: "I am deeply concerned about this subject because I cannot see an easy solution to the deteriorating process we are experiencing as a result of the continuing repression to which peasant leaders are subjected. I would not be surprised if we experience unfortunate incidents against democracy and union liberties in the next few weeks.

Urioste said that when the government began to implement the Coca Crop Substitution and Development Plan, PIDYS, it committed itself to accomplishing alternative development goals, such as public investments in infrastructural facilities, electrification, irrigation, roads, funds for crops, marketing, and other goals. The government has not kept this commitment.

Urioste added: "For various reasons, but particularly because of the government's ineptitude, no fresh funds have been supplied by the American Embassy, which is the source of most of the funds for this program. Therefore, this critical stage of the coca eradication plan will be implemented at a time when the government has yet to implement an alternative development and investment program in the region. I am sure that, had the government made these investments, the reaction of the coca growers would have been markedly different and they would have been inclined to negotiate."

Regarding the \$2,000 per hectare compensation offered by the government to coca growers, Urioste said this compensation would be adequate if the government accomplished its alternative development program.

The coca growers are now receiving just \$2,000 per hectare but there are no alternative development projects to promote industries for processing basic products such as banana, cassava, and others, which are produced in the Chapare region, Urioste said.

According to Urioste, the question still remains as to what should a coca grower do: Should he grow coffee when coffee prices have sharply dropped? Should he grow citrus fruits when there are no markets for these products? Then, the sad conclusion is that coca crops cannot be replaced by other crops because nothing would be as profitable as coca.

Commenting on coca substitution, Urioste said that it is not a question of just eradicating coca crops but of improving the economic situation of coca growers. He noted, however, that Article 142 of Decree 21,060 legalized the circulation of narcodollars and their laundering through the Central Bank. He added: "This procedure stimulates the production of coca for cocaine in the country."

Finally, Urioste stated that Article 142 is out of keeping with the government's policy and with those of the IMF and the World Bank, which are aware that the Central Bank dollar exchange mechanism has been instrumental in stimulating the production of coca and cocaine, and that this mechanism is today facilitating the largest official laundering of dollars in the country.

UMOPAR Activities Suspended
PY2207183689 La Paz La Red Panamericana
in Spanish 1130 GMT 22 Jul 89

[Text] Interior Minister Eduardo Perez Beltran has asserted that the organizations in charge of the struggle against drug trafficking will operate whenever necessary.

Perez Beltran thus answered comments made by Riberalta and Santa Ana de Yacuma civic organizations which stated that they will not allow UMOPAR [Mobile Units for Rural Areas] to operate in these areas in view of recent regrettable incidents.

Perez Beltran said the authorities have a clear idea of what must be done in the struggle against drug trafficking and that according to the established laws, no specialized group can be forbidden to operate. He said civic organizations must differentiate between the tasks carried out in the struggle against drug trafficking and their individual objectives.

The interior minister also said that the police and government security organizations continue to search for the leaders of the Zarate-Willka terrorist organization. He added that no one has been arrested as a result of the investigation that have been carried out in compliance with the law.

Interior Minister Eduardo Perez Beltran has reported that in order to avoid eventual clashes with coca producers, the government has ordered the special forces in charge of the struggle against drug trafficking to remain in their barracks and to suspend all patrols.

Perez Beltran said this decision has been made to avoid any incident that may be used to the advantage of the extreme left which has recently been promoting unrest in coca-producing areas. Perez Beltran asserted that the extreme left is constantly promoting clashes and disorder through any means to hinder government activities in the struggle against drug trafficking.

Perez Beltran emphatically said that the government has not sponsored any violent actions to eradicate coca farming in the Chapare region. Perez Beltran said: I am explaining this now to avoid any distortions of the facts. He added that the coca eradication policy, included in Law No. 1,008, establishes specific means to achieve these objectives through agreements.

Government authorities are concerned because coca producers' unions and other labor sectors are promoting mobilizations. The authorities fear that drug traffickers may take advantage of the situation to create disorder.

Nevertheless, according to the Interior Ministry under secretary for social defense, the government hopes dialogue will prevail over any situation that may result from the coca producers position.

He said that the government hopes the situation will be handled calmly because all Bolivians must achieve an agreement and must understand the government's position of seeking to establish a fluid dialogue.

He added that in a democracy, all organizations have the right to stage demonstrations and express their points of view but within the framework of the law.

The official said that people must understand the issues as well as the objectives being sought. He added: we are facing a small problem. The government is trying to eradicate about 80 hectares. Therefore, this is not a difficult problem. Through dialogue we will be able to achieve a solution that will satisfy all sectors. The government official also said that the eradication of coca farms will be carried out in compliance with the established regulations but that this does not mean force will be used. He asserted that dialogue is the only means to avoid further problems to Bolivia.

Drug Traffickers Seek New Markets, Routes
PY2107144789 La Paz PRESENCIA in Spanish
19 Jul 89 p 7

[Text] Bolivian authorities have discovered that cocaine shipments are being sent from Bolivia to Europe. The discovery of this new route is the result of the control implemented by the organizations dedicated to the struggle against drug trafficking. This route differs from the routes traditionally used by drug trafficking rings.

The traditional route for cocaine shipments began in Bolivia, where cocaine sulfate was produced and even industrialized, and finished in the United States, passing through several intermediate countries.

Armando Urioste, the Interior Ministry social defense under secretary, has told PRESENCIA that "the traditional routes used for a long time by drug trafficking organizations to export cocaine from Bolivia are being

replaced by other routes. The drug traffickers are motivated by a sense of survival; therefore, they change their routes and try to find new markets."

In Urioste's opinion, this effort by the drug traffickers has been motivated by the "successful repression of drug trafficking."

The visit of the FRG Interior Vice Minister, Carl Dieter, is prompted by the concern that drugs can harm the European countries, like the FRG, following the changes of drug trafficking routes.

Many experts in drug trafficking claim that over the past 4 years drug trafficking activities have changed in Bolivia. Genaro Marquez, the former Interior Ministry social defense under secretary, has admitted that Bolivia—a country where cocaine is produced—has become a country where cocaine is being industrialized, thus competing with the Colombian drug trafficking rings. Until a few years ago Colombia was considered to be monopolizing the processing of cocaine crystals.

Urioste, who recently took over the Interior Ministry social defense under secretariat, says: "I understand that cocaine and cocaine hydrochloride are being produced, but I cannot say which is being produced in greater quantities."

Urioste said that the latest reports of the organizations dedicated to the struggle against drug trafficking will permit an objective assessment of cocaine industrialization.

The entry of Bolivian drug trafficking rings in the field of cocaine industrialization has forced the rings to look for new international markets, in view of the domination of the Colombian cartels in U.S. cities.

According to official reports, the drug trafficking rings that operate in Bolivia have Colombian advisers, some of whom have been detained in operations carried out by the Mobile Units for Rural Areas (UMOPAR).

Interior Minister Eduardo Perez has said that drug trafficking in Bolivia no longer is small-scale industry, but has become sophisticated in its methods and security mechanisms as a result of "foreign advisory services."

Nevertheless, Urioste said, the struggle against drug trafficking is being "successfully" implemented. The drug traffickers are looking for new routes, which proves the efficiency of the strict control being implemented by the antinarcotics organizations.

Planning Minister Denies Currency Drain
PY2107034389 La Paz PRESENCIA in Spanish
19 Jul 89 p 7

[Text] Planning Minister Fernando Romero said on 18 July that the Bolivian banking system has properly used a \$70-million World Bank credit. He denied any currency drain.

Romero termed "absurd" a report that Bolivian banks have transferred more than \$30 million abroad.

According to financial sector sources, the Central Bank has transferred \$12 million abroad, of which some \$5 million will be used to repurchase the debt on the secondary market.

Romero categorically denied that private Bolivian banks have transferred the above amount abroad. The minister added that he does not know the exact amount of currency that private banks are keeping abroad.

He explained that it is obvious that the banks have considerable liquidity, adding that the repatriation of Bolivian capital has helped support the government's program for monetary stability.

He noted that bank deposits are now equivalent to \$500 million, which is 10 times greater than the level of deposits in 1985.

The minister added that the country's economic situation remains stable and that the administration will hand over the government to its successor in such a condition that the new administration will be able to reactivate the productive apparatus.

Asked about the difficulties that the Treasury is experiencing in paying current government expenses, Romero admitted that Argentina's payments to Bolivia are still in arrears. He explained that the payments that Argentina has to make to Bolivia equal 30 percent of the Treasury's income. He said that if the situation continues, the Treasury may have to ask the Central Bank for a loan to pay salaries.

He explained that Treasury investments have virtually been paralyzed because of the Argentine delay. Romero said that the budget provides for an investment of 80 million bolivians in the central government. He said that part of the funds obtained from gas sales was earmarked for locally provided funds in investment programs.

At the end of the 1st quarter this year, the government invested \$76.2 million in decentralized agencies. This figure equals 14 percent of the amount originally planned for 1989.

Belgium To Provide Varied Financial Cooperation
PY2107040289 La Paz PRESENCIA in Spanish
17 Jul 89 p 4

[Summary] Within the framework of a bilateral agreement, the Kingdom of Belgium promised to cooperate with Bolivia by supporting it in its balance of payments, granting credits, and cofinancing specific projects, the Bolivian Foreign Ministry has reported.

An aide-memoire containing the various topics to be discussed in a meeting in September has been signed by Martine Van Dooren, director of the Belgium organization Cooperation for Development, and Gonzalo Acha, Foreign Ministry under secretary for bilateral policy.

A Belgium delegation headed by Mrs Van Dooren has visited Cochabamba, Santa Cruz, Potosi, and Beni. The delegation met with the ministers of foreign affairs, planning, and finance, and with executives of the Social Emergency Fund.

The two parties also studied the possibility of having the Belgium railroad system cooperate with the Bolivia system.

Brazil

UK, Argentina To Meet in Brazil in 1989
PY2107220489 Sao Paulo O ESTADO DE SAO
PAULO in Portuguese 21 Jul 89 p 7

[By Moises Rabinovic; quotation marks as published]

[Text] Washington—Before departing for Brazil, Foreign Minister Abreu Sodre confirmed in Washington on 21 July that Argentina and England will begin "a gradual rapprochement," and that their representatives will meet in Brasilia between now and the end of the year.

Abreu Sodre did not want to reveal who took the initiative in proposing a rapprochement. He revealed that "England showed interest," and Argentina has given some very clear signs that there is a new opening for negotiations with President Menem's new government. The minister stressed that "it is normal for Brazil to propose a meeting when it sees an opportunity." The minister believes that the time for beginning the "talks" is still very vague.

A source who was involved in the first attempt to bring Argentina and England together, which was promoted by Switzerland after the Malvinas War, considers that it is now very natural that another contact be made in Brazil. Brazil and Switzerland represent the interests of the two enemies. The source explains: The English have always said that for any progress in the negotiations there must be a declaration of cessation of hostilities. The Argentines have always said that they will declare a cessation of hostilities only if England agrees to talk about the

sovereignty of the Malvinas. Now this is changing somewhat. Argentina now seems willing to negotiate the question of sovereignty. President Menem wants to reduce the burden of the Malvinas on his country's foreign policy."

What OAS Latin American diplomats are expecting is that President Menem will declare a cessation of hostilities, thus obliging England also to lean toward a position that will not exclude a discussion "without commitments" of the sovereignty of the Malvinas."

Minister Abreu Sodre stated that during the OAS meeting he did not talk with Argentine Foreign Minister Domingo Cavallo about an eventual rapprochement with England under the aegis of Brazil.

He explained that that could not be done there. The talks are very secret."

Minister Denies Production of Nuclear Weapons
PY2207025889 Brasilia Domestic Service
in Portuguese 2200 GMT 21 Jul 89

[Text] Navy Minister Henrique Savoia asserted that Brazil is not manufacturing nuclear weapons. The minister made this statement after paying homage to World War II victims in a ceremony in Rio de Janeiro.

Minister Savoia said that the international press reports stating that Brazil is manufacturing nuclear weapons with German companies are sensationalist and groundless rumors.

[Begin Savoia recording] Brazil has the political determination not to build nuclear arms. Our constitution states that nuclear power will only be used for peaceful purposes. Therefore, the stories that we are manufacturing nuclear weapons are groundless, sensationalist reports that seek to hinder the development of the Brazilian nuclear program, which by no means is designed to produce nuclear weapons. [end recording]

The minister also referred to the reequipment of the Navy. According to him a lack of resources is preventing the country from having a navy up to the standards of the greatness of its maritime activities.

Government Negotiating To Buy Ariane Engine
LD1707142889 Paris Domestic Service in French
1300 GMT 17 Jul 89

[Text] The company Arianespace, which markets the European launcher Ariane on the world market, confirmed in Paris today that it is currently negotiating the launching of two Brazilian satellites and that within this framework a transfer of technology of the Viking engine, with which the first stage of the rocket is equipped, to Brazil is envisaged. This agreement is under negotiation and will be submitted to the relevant authorities shortly, a spokesperson for Arianespace specified.

*** Astros II Competes With Soviet MRLS-280**

*** New Soviet Weapon Described**

33420071a Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 22 Jun 89 p 8

[Article by Roberto Godoy]

[Text] The Astros-II rocket system, the Brazilian arms industry's most popular product on the international market for the last 4 years, has since last March faced a new and powerful competitor: the Soviet Union's MRLS-280. It, too, is a missile launcher, and as with the Brazilian weapon, it employs 3 different types of rockets to reach targets located between 8 and 60 km. All the basic components of the battery are mobile, using semi-armored vehicles and acting under the coordination of an electronic command center to execute the work of aiming the ballistic firings—two more points in common with the Astros, built in Sao Jose dos Campos by Avibras Aeroespacial since 1983.

The MRLS-280 (Multiple Rocket Launch System-280 millimeters, the designation the United States intelligence services has given the weapon) was created to broaden the supporting fire of artillery divisions. The Soviet Ministry of Defense's plan is to construct approximately 5,000 launchers, the equivalent of 10 percent of all Russian artillery in operating condition. The Moscow government has also decided that the equipment could be included—together with the supersonic MiG-29 fighter and the modernized version of the T-72 battle tank—in the "package" of the latest technological generation of defense products destined for export for the first time.

Clients

Until now, the MRLS-280 has been shown to two foreign delegations, one of them sent by Libya, a traditional client of the Brazilian military systems industry. On April 18 the mission led by Mohammed Ali, responsible for all procurement for Mu'ammarr al-Qadhafi's Armed Forces, witnessed a demonstration of the battery at a new test site northeast of Moscow. Two weeks later, a group of officials from India was at the same location, viewing other tests of the launcher. And beginning on Monday, the demonstration will be repeated for a delegation from Iraq—the main purchaser of arms from Brazil and the first purchaser of the Astros-II. Yesterday in Brasilia the Iraqi embassy confirmed the visit, but considered the fact "routine, at a time when the country is beginning its reconstruction."

According to a diplomatic official, President Saddam Hussein has formed a committee of specialists charged with undertaking a broad study of the possibility of

acquiring war materiel, for rebuilding the arsenals decimated during the 8-year war against Iran: "And it is that team that is traveling to Eastern Europe, after maintaining contact with the industrialized nations of Asia," he said.

Advantage

Confrontation with competition is not a new experience for Avibras. After all, there are 17 countries in the world that manufacture saturation rockets of the most varied configurations, from the tiny Italian 51 mm Firos, to the giant non-nuclear and nonguided Soviet Scaleboard, to the sophisticated MRLS of the United States, supplier to NATO in that class of weapons.

The primary advantage of the Brazilian product is, however, its long and successful experience in combat: Iraq widely employed the Astros-II in the Persian Gulf war with 30-mm rockets, and credits its victory in the battle of Fao, a strategic city in the southeast region, to the system's firepower.

The equipment, a personal creation of the firm's president Engineer Joao Verdi de Carvalho Leite, uses three types of rockets: the SS-30 (32 launching units, range of 32 km, 122 mm, 20-km warhead); the SS-40 (16 rockets, 40-km range, 127 mm, 45-km warhead); and the SS-60 (4 rockets of 300 mm per shot, carrying multiple incendiary warheads, anti-tank or antipersonnel of 150 kg at a distance of 68 km). Although each of the units could operate independently, there is an extra recourse: the central command unit that electronically establishes the coordinates of each piece with absolute precision, considerably increasing the efficiency of attaining the target. The rate of error is less than 1.5 percent.

*** Weapon Alters Marketplace Rules**

33420071b Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 23 Jun 89 p 6

[Article by Roberto Godoy]

[Text] The offensive of the Soviet arms industry in the international market is worrying to the government sectors responsible for coordination and control of military equipment exports produced in Brazil. According to a diplomat attached to the Department of Commercial Promotion in the Ministry of Foreign Relations, "the segment in dispute is made up of Third World nations, exactly the market in which Brazilian enterprises in the sector have done good business." In the opinion of an official/arms engineer, "the entry of the latest generation Russian catalog, even though limited, into the fight for supply contracts of defense materiel, could totally change the rules of the game: The political price of every transaction could come to be of much more considerable importance."

Actually, all the fear has been based until now on the demonstration, in April, to a Libyan delegation of the commercial version of the Soviet MRLS-280 rocket system, in principal a direct competitor of Astros-II, exported by Avibras Aeroespacial of Sao Jose dos Campos, to Iraq, Saudi Arabia and, without official confirmation, also to Bahrain and Qatar in the Middle East. The multicaliber multiple-launcher is Brazil's most heavily exported piece of military equipment, corresponding to sales on the order of \$1 billion (3.21 billion cruzados) between 1982 and 1987.

The MRLS-280, as with the Astros, utilizes three different types of rockets. The largest of them, of 280 mm (on the Astros, 300 mm), carries a 120-kg warhead (the Astros: 150 kg) and has a range of 60 km (the Astros: 68 km). The middle rocket, of 122 mm (180 mm) covers 35 km (40 km) with warheads of 20 kg (45 kg). The smallest is a vehicle of 81 mm (127 mm), that carries a warhead of 15 kg (20 kg), with a range of 28 km (32 km). The number of rounds of these rockets are 5, 16 and 32 units, respectively, for each launching. The central control unit is of the Arsom class, combining two types of radar with laser range sensors.

Yesterday in Sao Jose dos Campos, Avibras Director of Official Relations Engineer Pedro Vial stated that the company "has followed the development of the Soviet rocket launcher since the engineering project was first initiated." According to Vial, that interest, "which also applies to all the competition," allowed the development of the Astros, modernizing their project continually. "At the moment," the director observed, "the largest rockets of the SS-60 type are offered with multiple high-explosive warheads, antipersonnel, incendiary, and with white phosphorous capsules." In 1 month, he added, there will also be available warheads armed with antitank grenades: "The propellant has been improved, as well as the aerodynamic performance of the rockets. All this makes our product quite attractive," he concluded.

* Petrobras Investments May Be Below \$2 Billion

* Government Ignores Proposal

33420071b Rio de Janeiro O GLOBO in Portuguese
18 Jun 89 p 44

[Article by Ramona Ordonez]

[Text] The schedule of the Petrobras Board of Directors meeting that took place Friday afternoon was changed at the last minute: Instead of examining the reduction in investment from \$2.5 billion (3.4 billion cruzados at the official exchange rate) to \$2 billion (2.74 billion cruzados) this year, the directors began to evaluate the possibility of the enterprise investing less than the \$2 billion, which is going to mean the delay of programs not yet begun and the cutting of contracts currently in progress.

It was one of the tensest meetings yet realized in recent times, and at the end one could see the discouragement in the face of each director. Petrobras' financial crisis (the worst in its history), caused by the fall in the price of fuel by more than 40 percent due to the freezing of prices, was worsened by the government's decision last week to grant a derivatives price increase of below the inflation rate, despite the daily devaluation of the currency.

The government ignored the Petrobras proposal to give monthly real adjustments starting this month, following the inflation rate in addition to a small index, to permit the prices to gradually recover by the end of the year. If inflation remains at 25 percent this month, with the average increase in the price of fuels of 15.5 percent, that means a real loss of 10 percent. The investment of \$2 billion was based on a program of monthly readjustments in the prices of oil derivatives, with an index slightly above inflation.

Petrobras President Carlos Sant'Anna has in recent weeks held meetings with Minister of Works Mailson da Nobrega, Minister of Planning Joao Batista de Abreu, and President Jose Sarney, explaining the company's situation. Sant'Anna said he believed that "common sense" will prevail and the government would concede to the company's requests.

The reduction in Petrobras' investments has a "cascade" effect on the country's economy, since the enterprise is responsible for some 10 percent of gross domestic product and 8 percent of industrial production. With revenue of \$12 billion (16.44 billion cruzados) per year, there are some 5,000 suppliers of materials and equipment, many of whom are in existence as a result of the state-owned enterprise's purchases.

Price Freeze Has Hurt State-Owned Enterprise

The state-owned enterprise's problems began when the government froze the prices of oil derivatives, while petroleum prices in the international market rose and reached \$20 (27.4 cruzados at the official exchange rate) per barrel in May. As a result, Petrobras has accumulated a deficit of more than \$550 million (75.35 million cruzados), and the board of directors has decided to adopt cost containment measures.

The investments of \$2 billion (2.74 billion cruzados) refer to projects in progress and for that reason their reduction would represent the cutting and suspension of contracts already signed.

The production of 820,000 barrels a day by 1991 would be compromised, at a time when the program would be becoming self-financing. Production would remain at around 600,000, or at most would reach 700,000 barrels.

Petrobras plans this year to invest \$3.2 billion (4.38 billion cruzados), initiating the self-sufficiency program in oil which will be reached by 1997 when production will reach 1.5 million barrels daily. Investment has now fallen to \$2.8 billion (3.84 billion cruzados), but with disbursements during the year of \$2.5 billion (3.43 billion cruzados).

Last week the board of directors was examining a new cut in investment, down to \$2 billion, when it was surprised by the readjustment of only 15.5 percent. Friday Carlos Sant'Anna stated that, since the readjustment was less than that requested, the board of directors has resolved to redirect its plans.

*** Pricing Structure Deplored**

33420071b Sao Paulo O ESTADO DE SAO PAULO
in Portuguese 23 Jun 89 p 3

[Editorial]

[Text] In a timely and instructive article published yesterday in our "Economy" section, Mr M.F. Thompson Motta, vice president of Abdib, deplored the existence of serious distortions in the setting of prices of oil derivatives with heavy subsidies to liquified gas and fuel oil. There still exists, says the writer, a policy of price equalization, financed only with difficulty, that makes the final value paid by the consumer onerous. "These two shares," he argues, "represent an annual tax of an amount similar to Petrobras' total planned investment, that is, approximately \$2.5 billion, and the subsidy is 41 percent of the price paid by the consumer." The accusation is so serious that Mr Thompson Motta was called upon, just yesterday, for a deposition in the Economic Committee of the Federal Chamber.

The article is timely because Petrobras is passing through one of the most difficult phases of its history. It is on the way to becoming yet another CSN [National Iron and Steel Company] or Federal Railroad Network, according to statements by its directors. These are not exaggerations. The enterprise is losing \$100 million per month, by importing petroleum to Brazil at \$20 and receiving only \$15 per barrel, according to the prices fixed by the CNP [National Petroleum Council]. As a consequence, Petrobras management has decided, this week, to suspend all investment that should be done in the second half of the year. With anticipated investments of \$2.8 billion, this would be, at most, \$1 billion. This is due to price disorder and distortion, accumulating losses that have added up to more than \$500 million since the Summer Plan, not counting the losses due to alcohol.

The delay in the investments in exploration and production will have extremely negative economic repercussions not only for the enterprise but also for the country. After many years of inaction, after the Figueiredo government, that policy changed and Petrobras invested some \$5 billion in research, exploration, and production in only 1 year (1982). The result was immediate.

National petroleum reserves grew from less than 1 billion to 8 billion barrels. Production also rose, from a little less than 170,000 barrels per day to almost 650,000, with total consumption at 1 million barrels per day.

Now, however, we see that the pricing policy and structural distortions are leading the enterprise to reduce its investments and to increase petroleum imports this year to \$2.8 billion, after deducting the exports derived from oil. Just when we have discovered oil, we cease to exploit it for lack of investment that to date has come not from the Treasury or other government sources, but from the enterprise's revenues. The paralysis of investment in new fields, in the south or in Amazonia, will cause greater expenditures in imports, since consumption continues to be high, representing a heavy bleeding of dollars that, decidedly, we cannot support. It is to be remembered, in this context, that at least \$60 billion of our foreign debt of \$100 billion is derived from spending that occurred during the generous importation of oil between the 1973 and 1979 crises.

Mr Thompson Motta's accusation is instructive, as we noted at the beginning of this editorial, in that it shows that much could be done to avoid the paralysis of Petrobras' investments. Without a doubt, there is a need for a realignment of prices, which have been frozen for so long. A revision in the pricing structure, in line with that official's suggestions, would permit a more equitable distribution of sacrifices and extra revenues for Petrobras. In the end, the entire existing situation benefits two derivatives—fuel oil and liquified gas—when only the latter, in any case, could deserve a subsidy based on its social value.

If we go even deeper into this price structure, we will see that there is still much to be corrected. The only thing lacking is for the National Petroleum Council to design to correctly inform society—and the government—as to how and why it has adopted its current policy, and that it review its errors. The CNP, however, never provides information to anyone. It is a body dominated by the military, closed off in itself.

Sao Paulo State Bank To Open Moscow Branch
PY2207121689 Sao Paulo O ESTADO DE SAO
PAULO in Portuguese 21 Jul 89 p 5

[Text] New York—The New York branch of the Sao Paulo State Bank (Banespa) has announced that the bank will open a Moscow branch in September. Murillo de Carvalho, a former diplomat, will be in charge of that office. Yesterday he left for Brazil, and he will go to the Soviet Union in August. The location of the Moscow branch has not been decided, and it may have to be temporarily located in a hotel. The idea of opening an office in Moscow must be credited to Fernando Sefton, BANESPA external area director, who is now in the United States.

Chile

Pinochet To Undergo Surgery Over Weekend *PY2107182889 Santiago Radio Chilena Network in Spanish 1700 GMT 21 Jul 89*

[Text] General Augusto Pinochet will be admitted to the military hospital this weekend. He will undergo surgery for a probable inguinal hernia, which was caused by his weightlifting hobby, part of his daily gymnasium workout.

This information was supplied at La Moneda Palace by Gen Pinochet himself during an informal meeting with journalists assigned to cover reports from La Moneda Palace. It was immediately confirmed by his personal doctor, Henry Olin.

Said 'Recovering'

*PY2307002689 Madrid EFE in Spanish 2331 GMT
23 Jul 89*

[Text] Santiago, 23 Jul (EFE)—Chilean President Augusto Pinochet underwent surgery this afternoon, and he is successfully recovering at the Military Hospital, presidential physician Henry Olivi said.

Dr Olivi said that Pinochet was operated on at 1915 (2315 GMT) for an inguinal hernia he suffered last week while lifting weights.

Pinochet is 73 years old.

Olivi said: "The president is now resting in his room in the company of his wife and children."

Olivi added: "Gen Pinochet is calm and is recovering from the abdominal operation, which was performed successfully and without complications."

The doctor said that the next report on the president's condition will be released at noon on Monday.

Government Denies Visas to Moscow Circus

*PY2107012489 Santiago Domestic Services
in Spanish 2300 GMT 20 Jul 89*

[Text] Foreign Minister Hernan Felipe Errazuriz has stated that the government has denied visas to the Moscow Circus troupe because, even though a propaganda instrument like the circus is being sent to our country, Radio Moscow continues to attack the Chilean Government and people.

The foreign minister made these remarks during a visit to the Los Andes Province, where he is promoting the constitutional amendments that will be submitted to a plebiscite on 30 July.

[Begin Errazuriz recording] It is not the Foreign Ministry, it is the Chilean Government that has denied these visas. The Foreign Ministry has only given its support to the denial. We believe that the authorization to grant visas to the Moscow Circus troupe must be looked at within a broad framework: A framework of respect between the two countries. It is not possible that while a propaganda instrument, such as the Moscow Circus, is sent to the country, another propaganda apparatus, which is subordinate to the same organization of the Ministry of Culture, continues with its virulent attack on the Chilean Government and people. This apparatus is called Radio Moscow. In fact, the day before yesterday, on 18 July, while we were dealing with these authorization requests, Radio Moscow was saying that the recent occupation of land only represents a step toward an objective, that of agitating the country.

The same day, Radio Moscow was also saying that the government acts in a blood-thirsty way, while our country is peacefully walking toward a democracy. Therefore, propaganda organizations must maintain a firm position regarding Chile. Within a framework of respect, we would have no problems whatsoever to establish a cultural exchange policy, or any other type of exchange. But without respect, there is no chance that the Moscow Circus can perform in Chile. [end recording]

Metropolitan Region Military Chief Installed

*PY2007134789 Santiago Domestic Service
in Spanish 1030 GMT 20 Jul 89*

[Text] Major General Jorge Lucar Figueroa has assumed his post as chief of the metropolitan region and San Antonio Province military zone. This was reported by Edict No 1 from this office.

Gen Figueroa's appointment is part of the Interior Ministry's instructions for safeguarding public order in the plebiscite of 30 July 1989

Two Carabineros Murdered by Unknown Individuals

*PY2107191889 Santiago Radio Chilena Network
in Spanish 1700 GMT 21 Jul 89*

[Report by Reinaldo Berrios]

[Excerpt] Five armed individuals, riding a vehicle with a red police-style beacon on the roof, treacherously murdered two Carabineros officers this morning shortly before 1100. The Carabineros were routinely patrolling on Recoleta Street near the intersection of Einstein Street when the incident occurred.

According to the information gathered by the Radio Chilena mobile unit, a Carabineros team, comprising Junior Corporal Jaime Parra Aguayo, 26, and Carabinero Ramon Salas Sanhueza, 22, from the 6th Carabineros precinct, were routinely patrolling on Recoleta Street, between the Banco del Estado and the Banco de Chile branch offices.

The Carabineros were walking on the east sidewalk on Recoleta Street toward the north when, without warning, they were riddled with bullets by five armed individuals who were hiding behind a gray-blue Datsun car, license plate No SN- 3207. The killers then fled in this car, placing a red police-style beacon on the roof.

The Carabineros were taken by a patrol car to the Jose Joaquin Aguirre Hospital where they died while their wounds were tended. [passage omitted]

Ultraleftists Claim Responsibility
*PY2207034689 Santiago Domestic Service
in Spanish 2300 GMT 21 Jul 89*

[Excerpts] [Passage omitted] The ultraleftist Lautaro Group, in an anonymous call to a news agency, has claimed responsibility for the murder of the two Carabineros this morning. The murder was a real ambush, because the murderers not only riddled the two policemen with bullets, but also finished them off in a cruel and premeditated way as they lay on the ground. [passage omitted]

Carabineros have released an official communique, on the murder which was read by Order and Security Director General Gabriel Ormeno Mele. The communique stated that the terrorist attack occurred at 1110 on La Recoleta Avenue. It added that the two Carabineros belonged to the 6th Police Precinct and that they were shot with machineguns by five individuals.

[Begin Ormeno recording] As a result of this pitiless attack, Corporal Segundo Parra and noncommissioned officer Salas were riddled with bullets. As the two Carabineros were lying on the ground, three terrorists, who had been walking along the street pretending to be passersby, finished them off cold-bloodedly. The criminals fled after stealing a portable radio, a submachine gun, and a .38-caliber revolver belonging to the murdered men. [end recording] [passage omitted]

Osorno Mormon Church, Newspaper Offices Bombed
*PY2007185389 Santiago Radio Chilena Network
in Spanish 1700 GMT 20 Jul 89*

[Report from Radio La Voz de la Costa in Osorno]

[Text] The main Mormom center in the 10th Region, the local office of the EL MERCURIO newspaper, and a private clinical laboratory were reported last night to have suffered minor damage as a result of bomb explosions. The Manuel Rodriguez Patriotic Front [FPMR] has claimed responsibility for the bombings through a phone call to a local radio station.

The first bomb exploded at about 2000 near the facade of a Mormom chapel at 875 Manuel Antonio Mata Street in downtown Osorno.

Half an hour later, another explosion occurred at 698 Bulnes Street—at about 3 blocks from the Mormom chapel—at the offices of the EL MERCURIO newspaper. The shockwave also smashed windows of a neighboring clinical laboratory.

Later, a man called a local radio station and identified himself as Julian. He said that the FPMR claimed responsibility for the bombings. The caller said that the bombings were to celebrate the 10th anniversary of the overthrow of Nicaraguan dictator Anastasio Somoza.

Residents of the area where the bombings occurred have said that the bombs were only noise bombs and that they only caused minor damage.

Colombia

Barco Addresses Senate on Achievements
*PA2207015289 Bogota Inrvasion Television Cadena 1
in Spanish 2218 GMT 20 Jul 89*

[Speech by President Virgilio Barco to the Senate at the National Capital Building in Bogota—live]

[Text] Mr President of the Senate, members of the Senate Board of Directors, Honorable Senators, Mr Chief Justice, Mr President of the State Council, Mr Attorney General, Mr Comptroller, Messrs Ministers, members of the diplomatic corps, ladies and gentlemen: The Constitution establishes that the president of the Republic has to inaugurate the Congress' ordinary sessions and report on his administration's actions. On this occasion, I have prepared a report on my administration's actions and the results achieved during the 3 years of my administration. In it, I mention all kinds of changes that, with the cooperation of Congress and other democratic institutions, we have carried out to build a new Colombia.

This report stresses the most outstanding social achievements and the impact of these changes on other government programs. The report contains 15 chapters and is over 360 pages long. These chapters mainly refer to the achievements of the war on poverty, the rehabilitation of backward regions, the reduction in unemployment, land and urban reform, and the modernization of the country's institutional infrastructure. The report also explains how economic policy and reform have strengthened programs to make Colombia a country with greater social justice and equality. In addition, it contains three supplementary chapters on Colombia's Armed Forces doctrine, the struggle against drug trafficking, and foreign policy.

I devoted special attention to drafting this report because I feel that each administration must answer to the people, whom you represent, regarding its fulfillment of pledges made during the election campaign to undertake programs. Each citizen is entitled to know the specific results of the actions taken by their elected leaders.

In presenting this report, I am complying with a constitutional mandate, and at the same time I am abiding by a fundamental principle of democracy: political responsibility. I will present to you some excerpts of this report, which is available to you for your study and analysis.

Lower Inflation, More Employment, and Greater Well-Being

The difficult experience of Latin America and other countries has unequivocally demonstrated that inflation is the most troubling and damaging of all economic variables. Even the most prosperous economies have seen their wealth, stability, social progress, and even their political peace deteriorate when inflation increases rapidly and remains at a high level.

Furthermore, it is undeniable that price hikes primarily affect the poorest sectors and cause a drop in the standard of living of the less privileged segments of society. We cannot remain indifferent to inflationary pressure, because what is at stake is the nation's economic and social viability. For that reason, maintaining steadfast the liberal policy of sustaining a healthy currency, the government has acted with seriousness, perseverance, and firmness to prevent inflation from weakening the buying power of salaries and destroying economic stability and growth.

The combination of various adverse factors last year put pressure on prices, which increased inflation in Colombia to levels close to 30 percent by mid-1988. Under those difficult circumstances, we gave special consideration to a firm stabilization policy, of which the main measures were a cautious handling of the currency and fiscal accounts, a reorientation of credit toward productive and investment activities, and special assistance to guarantee the food supply.

We have been successful. Our efforts have made it possible to keep price increases at acceptable levels. During the 2d half of last year we managed to curb inflation, and since then prices have dropped steadily. The fluctuation of prices between June 1988 and June 1989 was 23.6 percent, while the inflation rate for the previous year—from June 1987 to June 1988—was approximately 30.3 percent. Based on preliminary figures for July, by the end of this month and throughout the year, prices will continue to fall as predicted in the macroeconomic plan.

This behavior has already had significant effects on the well-being and standard of living of the nation's working class. As expected, the 27-percent minimum wage increase in December 1988 was adequate to guarantee an increase of 3 to 4 points in real salaries for the current year. We have managed to reduce inflation without affecting the dynamic creation of jobs. On the contrary, in this case we have managed to overcome what is

traditionally regarded as the impossibility of simultaneously lowering inflation while creating new jobs. Our employment policy has been successful.

On many occasions, during the election campaign and in my speech to the honorable Congress of the Republic the day I assumed the Presidency, I announced that the government's development strategy and social programs would, above all, be intended to help thousands of compatriots affected by unemployment and poverty.

The country we inherited from the previous administration had one of the highest unemployment rates and the worst working conditions our country had experienced in years. In our efforts to fight poverty, we gave priority to securing for our compatriots a dignified, adequately paid, and stable job market. Our goals in this area have become realities 3 years later.

Lowest Unemployment Rate in 7 Years

We now have the lowest unemployment rate in 7 years. Unemployment has affected Colombia for many years, and we have not yet managed to achieve full employment. Nevertheless, the chances of getting a good job have improved significantly. An unemployment rate of nearly 15 percent in mid-1986 in our 4 major cities dropped to 10.1 percent in June this year, according to DANE [National Administrative Department of Statistics] figures. This is the lowest rate in 7 years.

The unemployment rate did not only fall in our major cities; it has also dropped significantly in other cities and in rural areas in relation to 1986. In the seven cities where the DANE conducts home polls, 443,000 jobs have been created during the current administration. Extrapolating a similar trend in other urban centers, it is estimated that about 700,000 new jobs have been created in urban areas.

In 1985, 17 percent of the total work force lacked full-time employment. In March this year, the underemployment rate dropped to 13 percent—that is, 4 percent less than in the mid-1980's. The percentage of the underemployed—that is, those working less than 33 hours per week—dropped from 25 percent in June 1986 to 20 percent during the first trimester of this year.

Youths as the Main Beneficiaries of the Creation of Jobs

The unemployment rate of 12- to 18-year-old Colombians was about 30 percent at the beginning of this administration, and, 3 years later, it has dropped to 22.4 percent. As for the 20- to 23-year-old group—which is the largest segment of the work force—the unemployment rate has also dropped considerably. In June 1986, that group's unemployment rate was 21 percent; during the 1st trimester of this year, it dropped to 15.6 percent. This shows that about 300,000 new jobs, which benefited 12- to 29-year-olds, were created in 3 years.

Regional Balance in the Distribution of Job Opportunities

The benefits of creating more jobs were not exclusively concentrated in the main cities. Departmental capitals and other cities have also benefited from increased economic vitality and the government's programs to create jobs. Bucaramanga, Manizales, Cucuta, Cartagena, Ibagué, Villavicencio, and Montería—to name just a few—registered a drop in their unemployment rates over the past year. Decentralization, aided by a revitalization of local economies and the creation of new jobs, is a direct action aimed at meeting the most urgent needs of municipality and urban residents.

There are two very important aspects that I want to stress because of their positive effects on the development of our economy and particularly on the improvement of our workers' conditions. I am referring to the peaceful labor situation and the harmonious relationship between the government and the labor unions.

Statistics on labor conflicts are very revealing. During the period 1982-1985, there were 116 strikes, which is 4.5 percent of the total amount of labor union contracts. Between 1986 and the present, there have been only 40 strikes, which is 1.99 percent of the total amount of labor union contracts. In other words, the number of conflicts between employers and employees has decreased by over 65 percent.

That harmonious relationship between employers and employees has been fostered amid an atmosphere of great respect and support for labor unions and through the promotion and protection of workers' rights and achievements. Labor unions have not been handcuffed. On the contrary, the government has been their enthusiastic ally. The government has supported labor unions' struggles to improve working conditions. The government has demonstrated its support. Our labor sector has made significant progress through the labor law and the promotion of all organizations linked with the protection of workers' interests.

Reduced inflation and increased employment will continue. However, we cannot disregard the difficulties and possible obstacles we will have to overcome in the immediate future. The dissolution of the International Coffee Pact that regulates the international coffee supply—provoked by the intransigent position of the United States and some small coffee producers—has seriously affected international coffee prices. The reduction of revenues from coffee exports obviously does not put the country on the verge of a foreign exchange crisis, but it will certainly harm the national economy.

No less significant is the impact of last year's reduction in oil exports on our economy. That reduction was the result of the drop in oil prices and the effects of terrorism. The latter is again reducing the availability of our resources, thus preventing the development of various

social programs this year. I am certain that by using our common sense and by maintaining our serious attitude and cautious administration—which are characteristic of Colombia's economic policy over the past 3 years—we will successfully confront any problems that may arise. Colombians must join efforts to overcome the obstacles placed in their way by those who want to keep Colombia in a state of backwardness. Our economic strategy has proven successful. We must therefore continue to build a new Colombia.

The country must be aware of the successes and setbacks of our oil policy. Since 1974, and through the amendment of Law 20 of 1969, the concessions for the exploitation of our natural resources were abolished. Since then, we used a system known as an association, by virtue of which ECOPETROL [Colombian Petroleum Enterprise] signs contracts with companies that conduct explorations and exploit hydrocarbons. This contractual system has considerably increased gas and crude reserves. Thanks to that system, Colombia recovered its oil self-sufficiency and can now count on large amounts of export oil surpluses.

This situation has brought additional revenues for the nation, and these revenues are assigned and redistributed to infrastructure projects in the country's less developed regions.

Economic support for the energy and mining sectors has made it possible to begin programs for a better use of gas and has considerably increased the funds that municipalities receive from the sale of oil.

The government feels that the National Congress is the best setting for the democratic debate of national policies, including the oil policy. Congress is the natural forum for debates. The legislative branch is in charge of drafting the laws and determining the principles to be strictly followed by the state and its citizens. The government thus recommends that during the sessions that begin today, the legislature conduct an in-depth study—with the participation of the unions—of the country's oil policy.

We will hear the proposals with a constructive spirit, and we will implement those congressional initiatives that contribute to a policy aimed at defending and consolidating natural resources and ensuring the greatest benefits for Colombia.

Participatory Democracy and Social Changes

The government is complying with its commitment to implement social programs for the benefit of all Colombians, particularly for the neglected and poorest citizens. Our economic policy is aimed at ending social inequality and promoting progress toward social justice.

The political changes implemented since 7 August 1986 are strictly related to social changes. Initiatives to create the mechanisms for participatory democracy and to modernize and strengthen the institutions that characterize representative democracy are essential parts of the government's policy. This policy intends to promote a Colombia with more equality and justice.

Poverty and neglect are not exclusively economic and social problems. It is clear that those who have fewer resources have fewer means to satisfy their needs. At the same time, the precarious conditions of the poor and neglected prevent them from receiving the opportunities and means to organize themselves to defend their interests.

This is the vicious circle of poverty, which is being broken by the government's timely policies. Persistent poverty is a sign of democratic deficiencies in Colombia. Meanwhile, the failure of our political system contributes to continued social inequality. This becomes evident when one considers the traditional manner in which poverty has been handled and the inadequate policies with which it has been confronted.

Poverty has become the central topic of public debate, though for many years it was not. To rectify this, the government has given priority to the struggle against social inequality. The president has become the spokesman of the poor and neglected, and Colombians have come to realize that we must combine our efforts to fight poverty.

Social protest—if it has no destabilizing intentions—has been regarded as legitimate. Although some segments of society consider it dangerous to allow peasants and poor people to march in support of their demands, the government has been tolerant of these demonstrations. Upgrading the living conditions of low-income groups has become a basic goal for a growing number of poor citizens, and this will promote even more action to achieve social justice.

My government's social plans, especially the war on total poverty and the national rehabilitation plan, which I will mention at the Chamber of Representatives, as well as the reorganization of public spending and land and urban reforms, are bringing progress to neglected areas. The programs contained in the social economic plan are paying the social debt that was owed for many years, because the residents of those areas lacked the political power to get a prompt and favorable response from state authorities. To handle poverty and backwardness, a government cannot limit itself to implementing socioeconomic programs, even if these are important and yield positive results. Instead, the government must implement political reforms to create new opportunities for participation and to establish incentives so the silent majorities may actively participate in the electoral process and in the decisionmaking process.

This is one of the reasons the government has carried out profound political change. On previous occasions in these chambers, I have commented on the characteristics and scope of the political reforms promoted from the very day I took office as president. Therefore, I will not describe those reforms at length. In overall terms, I want to point out that the government-opposition system, participatory democracy, and modernization of public administration are helping to ensure progress that will equitably benefit all segments of society. Political change thus becomes the cornerstone of social change.

Constitutional Reforms, Guarantees of Participatory Democracy, and Social Change

The constitutional reforms approved in the first round of congressional debates also set the stage and opened channels for the participation of citizens. Aspects of the reforms dealing with participatory democracy undoubtedly will give greater power to the Colombian people, particularly the common citizen, who must be more actively involved in making decisions that affect him. The people will have the means to directly influence the actions of their leaders, as should be the case in a modern, open, and strong democracy.

A good indicator that the government is meeting the needs of the lower classes and that new channels of mass participation are working efficiently is the significant fact that Colombians are no longer resorting to strikes to draw the attention of authorities perceived as indifferent. Official statistics have been confirmed by studies carried out by research centers like CINEP. This organization notes that during the current administration, this type of protest has decreased. There were 80 strikes in the 1st year of my administration, there were 36 in the 2d year, and there will be even fewer in the 3d year.

I want to reiterate the close relationship between social and political change. Social policies and reforms are undoubtedly solving some problems in Colombia's representative democracy. Our pluralistic system is now more balanced and equitable. Political institutions are functioning with greater efficiency, and the system of patronage is being eliminated. Actions that benefit the poor and neglected now leave the rebel groups without arguments. Representative democracy has been strengthened, and a true and stable peace now seems less remote. Social and political changes currently under way are the best guarantee that the Colombia we will leave for future generations will be a country with a strong, modern, and open democracy where the benefits of progress will be more fairly distributed and where everyone will enjoy a durable and everlasting peace.

We have turned our struggle against poverty into a task for our entire society. We have created the necessary mechanisms so that the state's actions are more efficient. Considerable progress has been made in the preparation of programs so that the whole country may efficiently

work in favor of the weakest groups. Means of participation have been strengthened so that all the citizens may help [word indistinct] the social debt. All told, we have increased the opportunities to eradicate poverty.

Colombia's position at the international level has not been the most appropriate for carrying out a policy that gives priority to social programs. The 1980's are considered a lost decade for Latin America. Latin America found itself in an absurd situation in recent years: It became a net exporter of capital in the international financial system. This makes our struggle against poverty even more difficult. Thus, poverty in Latin America has increased considerably during this decade, and standards of living in most of our nations have dropped to the levels of 10 or 15 years ago.

Despite the international situation I have described, Colombia has nevertheless made great progress in the eradication of poverty. The drafting of our economic policy has been autonomous during this 10-year period. The strength of our production, the relative stability of our currency, and the promotion of our traditional and nontraditional exports have given us the necessary foreign credit resources without having to give up the fight against poverty. Colombia did not have to refinance its debt. On the contrary, it is the only country that has received new loans to improve the economy. International banks have recently approved \$1.65 billion for the next 2 years, thereby changing the situation that existed here when this government took office.

We have managed to prevent this decade from being a lost decade for Colombia. Quite the contrary, we have created the conditions and means for reducing poverty. We have overcome skepticism. Some Colombians assumed that our poverty was something quite natural, and they misjudged the government's ability to intervene in the economic process and achieve social justice. The eradication of poverty became a goal for all Colombians, and we have overcome resignation. The government believes the struggle against poverty cannot stop: The road to ridding our country of poverty is a one-way road. We will fulfill the established goals, and we will continue according to the guidelines announced when the current administration took office. Results that benefit the poorest groups will continue to be achieved during the next year. We have fulfilled our duty by basing the government's actions on these aforementioned views.

We are implementing initiatives as planned, and in doing so we are complying with our promises. In the struggle against poverty we have realized that the citizens' participation is absolutely necessary to obtain the most successful results. We have demonstrated that we all have a lot to contribute.

Senators: The joint task we must carry out is consolidating what we have accomplished so far and reinforcing the foundations so that social development can continue

without interruption. We must also work together in studying important bills that will be debated during the current legislature and that have resulted from the hard work of great congressmen.

With everyone's help, the nation has made significant progress. We have shown that Colombia can end inequality and social injustice. We cannot give up this battle. We are defeating absolute poverty; we are modernizing the country's infrastructures; we have broadened and strengthened democracy; we have advanced toward a solid and lasting peace. Colombia today occupies a prominent place in Latin America's international policy. We have followed and will continue to follow our government plan, which has opened the way for a better future. We are building a new Colombia. Thank you. [applause]

Foreign Minister on OAS Panama Resolution

PA2307130489 Bogota Inravisión Television
Cadena 1 in Spanish 0100 GMT 23 Jul 89

[Text] Colombian Foreign Minister Julio Londono returned to Bogota a few minutes ago after attending the OAS foreign ministers' consultative meeting. In Washington, the foreign ministers submitted their proposal for the return of democracy to Panama, a document which has already produced contradictory opinions. Here is Adriana La Rota, who just returned from the airport, with Foreign Minister Londono's comments.

[La Rota] It was established at the OAS meeting that on 1 September the government of Panamanian President Manuel Solis Palma is to transfer power and new elections are to be called, this following the National Assembly [as heard] having annulled the elections held on 7 May. The declaration by 31 area foreign ministers is merely a suggestion, which strongman Manuel Antonio Noriega can accept and enforce without necessarily having to leave power. During the next 6 weeks, the foreign ministers will continue their work to achieve a political solution to the Panamanian conflict.

[Begin Londono recording] I will not begin to interpret the statement I made. Each word of the declaration was the product of negotiations with 30 other countries. I believe it must be implemented within its context and with the true meaning of the words that were used. The continent has clearly expressed its hope that a true process develops in Panama that leads toward democracy and the self-determination of the Panamanian people, without foreign interference in the process. In general terms, that is what has been done...[sentence incomplete as heard] [end recording]

Ecuadoran, Mexican Embassies Peacefully Occupied

PA2107161789 Paris AFP in Spanish 1547 GMT
21 Jul 89

[Text] Bogota, 21 Jul (AFP)—The Bogota police today announced that approximately 40 people peacefully

occupied the Ecuadoran and Mexican Embassies in Bogota this morning. The persons who took over the embassies identified themselves as victims of the dirty war.

One of the men who entered the Ecuadoran Embassy said by telephone that the seizure is "peaceful." He stressed that the group wanted to "attract the attention not only of the Colombian Government but of the international community so the dirty war will end."

A meeting to discuss the consequences and characteristics of the dirty war is scheduled to begin this afternoon. "Dirty war" is a term used to describe killings by paramilitary groups.

The situation in the vicinity of the two embassies in northern Bogota is calm. Several police units have been sent to the area. It is not known if the Ecuadoran and Mexican ambassadors have asked the authorities to intervene, but the Colombian Foreign Ministry has been informed of the takeovers.

Embassy Occupation Continues

PA2207022089 Bogota Inrvision Television
Cadena 1 in Spanish 0026 GMT 22 Jul 89

[Text] Once again embassies were occupied in Bogota. Today it was a group promoting a meeting in Bogota. Members of a group calling itself the Victims of the Dirty War peacefully occupied the Ecuadoran and Mexican Embassies today. This group wants the government to comply with the following points:

1. The government must sign Protocols Nos 1 and 2 of the Geneva Convention;
2. The government must provide guarantees to those people who have been displaced from their homes by the dirty war;
3. The government must compensate victims for the economic and moral damages resulting from the dirty war;
4. The government must give guarantees to the National Congress of Victims, which is being held at the Official Employees Club through 24 July;
5. The Human Rights Office must publish 1 million posters with the final resolution of the aforesaid congress;
6. The president must receive a delegation from the National Congress of Victims.

Embassy Occupiers Reach Accord

PA2207032989 Madrid EFE in Spanish 0237 GMT
22 Jul 89

[Excerpts] Bogota, 21 Jul (EFE)—The approximately 180 persons who today occupied the Mexican and Ecuadoran embassies in Bogota will stay overnight at the embassies, after having reached an agreement in principle with a dialogue commission appointed by Colombian President Virgilio Barco, one of the occupants told EFE.

"We held a meeting for over 3 hours with the government representatives, and we have decided to spend the night here," a spokesman for the demonstrators told EFE over the telephone.

Barco today sent the peace adviser of the administration, Reynaldo Gary, and a delegate attorney for human rights, Bernardo Echeverry Ossa, to talk with representatives of those holding the embassies.

The two officials promised to consider the six demands made by the occupants, who arrived in Bogota from "various parts of the country," a source told EFE.

"The government will give an answer tomorrow (Saturday) and then we will leave" the two embassies, he added. [passage omitted]

In addition to the previous demands, a new demand was made following the dialogue that took place in the last few hours, the source told EFE.

The spokesman pointed out that in order to leave the two embassies, "we demand buses and persons from the government and the International Red Cross to guarantee that we will be taken to the Official Employees Club," where the Congress of "Victims of the Dirty War" will be held.

Over 100 persons will spend the night at the Mexican Embassy while over 80 will stay at the Ecuadoran Embassy.

Demonstrators End Occupation

PA2207190989 Paris AFP in Spanish 1840 GMT
22 Jul 89

[Text] Bogota, 22 Jul (AFP)—It has been officially announced that demonstrators ended their occupation of the Mexican and Ecuadoran Embassies in Bogota at approximately 1800 GMT today. The 28-hour peaceful occupation ended after the protestors received guarantees from the Colombian Government.

After Bernardo Echeverry, the government's human rights representative, released an official communique regarding human rights in Colombia, the demonstrators left in several buses for the Government Workers Club,

where a national forum on missing people in Colombia is under way. The publication of the communique was a condition set by the demonstrators for leaving the embassies.

The more than 50 demonstrators who occupied the embassies called themselves "refugees of the dirty war." Their sit-in was intended to draw local and international attention to the state of human rights in Colombia.

UC-ELN Attacks Pacific Oil Pipeline 20 Jul
PA2107125189 Madrid EFE in Spanish 0532 GMT
21 Jul 89

[Text] Bogota, 20 Jul (EFE)—The National Police reported that the Army of National Liberation-Camilitar Union (UC-ELN) today carried out its sixth attack this year against the Pacific oil pipeline, which links the Colombian towns of Orito and Tumaco near the Colombian-Ecuadoran border.

The rebels used explosives to blow up 1 meter of pipeline. This is the rebels' 33d attack against the country's oil network in 1989. The authorities reported that there was no oil spill because at the time of the attack, no oil was being pumped through the pipeline.

A woman who said she was speaking on behalf of the UC-ELN called the Cali media to claim responsibility for the attack.

The UC-ELN is attacking Colombia's oil pipelines as a way to pressure the government to nationalize the oil industry and to sign more favorable contracts with multinational oil companies. This year alone, the UC-ELN launched 25 attacks on the Cano-Limon Covenas oil pipeline, the longest in Colombia. The attacks on the Cano-Limon Covenas pipeline have caused approximate \$150 million in damage.

If the six attacks on the Pacific oil pipeline and the two on the Dina-Salgar oil pipeline are taken into consideration, losses amount to approximately \$200 million. The Dina-Salgar pipeline carries crude oil from the oil fields in Tolima to the refinery in Barrancabermeja.

Armed Forces Commander Says ELN 'Desperate'
PA2307045289 Bogota Inravisión Television
Cadena 1 in Spanish 1800 GMT 22 Jul 89

[Report by Oscar Galvin]

[Text] General Nelson Mejia Henao has called on rebel groups to begin talks. The officer, who received his troops' salute as the new Armed Forces commander, said that everyone in Colombia is tired of internal strife. He announced an all-out offensive against the guerrillas. Gen Mejia Henao noted that the self-styled Army of National Liberation [ELN] is in bad shape and is desperate, because they feel the Armed Forces' presence.

[Begin Mejia recording] The ELN is in very bad shape. We are destroying their camps. They are desperate because they know that the Army, the Air Force, and the Navy have dynamic momentum. They feel that; I am sure of that. Although they are trying to destroy the oil pipeline, I think that they are not as active now. [end recording]

The Armed Forces announced that they obtained a \$200-million credit. They had previously received 80,000 billion pesos to purchase helicopters, weapons, and other military equipment.

Ecuador

Government To Renegotiate Foreign Debt
PA2207011789 Hamburg DPA in Spanish 2353 GMT
21 Jul 89

[Text] Quito, 21 Jul (DPA)—Ecuador announced today that it has decided to unconditionally renegotiate its \$11 billion foreign debt, following 2 years of virtually no dialogue on the matter and a de facto moratorium. "We are going to negotiate without conditions," Economy Minister Jorge Gallardo announced when confirming the "imminent" resumption of negotiations with the creditor banks committee.

On 30 June, Ecuador made a "symbolic" payment of \$16 million as "proof of the government's decision to meet its financial obligations." Late last year, the government made payments on a similar basis. The moratorium on the debt service payments began in January 1987, when President Leon Febres-Cordero's conservative administration suspended payments in view of "fiscal cash-flow problems." The seriousness of the crisis prevented the resumption of payments until December 1988, when the new administration managed to improve the economy somewhat.

Negotiations with the creditors might be resumed in early August, because the Citibank's release of the \$80 million it withheld last May in New York "opened the way to resuming the talks," the minister added.

Oil Industry Militarized; Fuel Prices Increased
PA2207012589 Buenos Aires REUTER in Spanish
0035 GMT 22 Jul 89

[Text] Quito, 21 Jul (REUTER)—Shortly after ordering the militarization of many oil facilities in response to threats of labor strikes, Ecuadoran President Rodrigo Borja traveled to the Ecuadoran border to witness military maneuvers.

After unexpectedly deciding to militarize the oil industry, the government last night also decreed progressive fuel price increases to cover major expenses.

The Ecuador Electric Enterprise, an organization of U.S. origin that is going through the necessary process for transfer to the Ecuadorian Government, was also occupied by military forces.

Shortly after making this decision, President Borja traveled to El Oro Province near the border with Peru to witness joint military maneuvers program in his capacity as commander in chief of the Ecuadorian Armed Forces.

The state-owned oil facilities were militarized last night to prevent them from being occupied by workers who are demanding a wage increase.

Borja simultaneously ordered successive monthly fuel price increases. Bus and truck owners rejected the measure and threatened to strike if they are not allowed to increase their fares.

Paraguay

Human Rights Commission Visit Confirmed
PY2207150289 Asuncion ABC COLOR in Spanish
22 Jul 89 p 4

[Excerpt] The Foreign Ministry has confirmed that the government has agreed to let the Inter-American Human Rights Commission (CIDH) visit the country at a date to be set by the commission, in order to verify the human rights situation on site.

Dr Oscar Cabello, Foreign Ministry director of foreign relations, announced that "CIDH will visit Paraguay, but the date has not yet been set. The CIDH has to meet first, I believe in September or October, to decide on the date to be proposed to the Paraguayan Government."

According to information made public yesterday, Hugo Saguier Caballero, Foreign Ministry deputy secretary, has conveyed to CIDH Executive Secretary Edmundo Vargas Carreno the government's decision to let a mission from that organization visit our country.

Mr Saguier Caballero has said that the government has no objection whatsoever for members of the CIDH to visit our country to verify the situation on human rights in Paraguay. During that visit, any citizen who wishes to make charges about any type of human rights violation will be heard by the CIDH inspection team. [passage omitted]

Police Forbid Former Priests To Enter Country
PY2107184489 Asuncion EL DIARIO in Spanish
21 Jul 89 pp 6, 7

[Excerpts] With expectation and hope, Antonio Cagna and Michel Derieux yesterday unsuccessfully tried to enter Paraguayan territory. Police forces, led by officer Isabelino Pino, prevented them from entering the country citing the trite "order from above."

The former priests were expelled (on 22 October 1988) during President Stroessner's regime on charges of carrying out subversive activities. Cagna and Derieux worked for the Education and Social Help Service (SEAS). Their wives and children are Paraguayan.

Many people—representatives from several social, political and religious sectors—welcomed Cagna and Derieux. Authentic Radical Liberal Party Senator Domingo Laino and Deputies Celso Velazquez and Ceferino Villalba also greeted them. [passage omitted]

There was a tense situation when the police announced that the former priests could not enter the country because of an order allegedly issued by Interior Minister Orlando Machuca Vargas. Laino and the people who welcomed the former priests tried to disobey the police order because the officer in charge in Puerto Falcon did not produce any well-founded legal order and was reluctant to give further explanations. [passage omitted]

Agriculture Ministry Under Secretaries Named
PY2207152489 Asuncion PATRIA in Spanish
22 Jul 89 pp 12, 13

[Summary] Following the recent creation of three state undersecretariats in the Agriculture and Livestock Ministry, Decree No 1958 was promulgated yesterday. The decree appoints Juan Esteche Fanego, current director general of the Agriculture and Livestock Ministry, under secretary of state for agriculture; Dr Arsenio Vasconcellos, under secretary of state for animal husbandry; and Agriculture Engineer Victor Cesar Vidal, current director of the National Forest Service, under secretary of state for natural resources and environment.

Central Bank Authorizes Savings Certificates
PY2107171189 Asuncion EL DIARIO in Spanish
21 Jul 89 pp 8-9

[Excerpt] The Central Bank of Paraguay (BCP) has authorized commercial banks and financial institutions to issue, as of 1 August, Savings Deposit Certificates that can be issued as an order paper or as a bearer paper at the option of the buyer. The issuing institutions will offer competitive interest rates on these certificates that will mature over periods of 180, 210, 270, 300, 330, and 360 days.

The resources raised through the sale of these papers will be allocated to the expansion of the Minimum Loan Portfolio of the banks, which will make them available, on an exclusive basis, to manufacturing industries, agro-industries, agricultural and livestock-raising activities, and construction companies. The financial institutions will also have to create their own portfolios. These resources will be lent to users at annual interest rate not higher than 28 percent. These loans will not pay any commissions or any other banking fees, nor will they be granted on the condition that the borrower keeps a

minimum deposit in the lending institution. The borrowers will pay the interest once or twice per year although different period, even longer than one year, can be agreed between the lending institutions and the borrowers.

According to the BCP, the Savings Deposit Certificate will act as a factor to improve the use of money on the internal financial market. Since this certificate will pay higher interest than that earned by common savings deposits, this instrument will promote internal savings.

These term savings deposit certificates will allow banks and financial institutions to administer their loan portfolios more efficiently and to offer broader loan plans.

The issuance of this instrument will help to create a secondary market where financial papers can be negotiated.

The BCP also pointed out that these certificates will contribute to alleviate pressures on the foreign-exchange market. In this regard, BCP President Crispiniano Sandoval said: "Nearly 70 percent of savings go into demand deposits, which make it easier for a depositor to speculate with the dollar exchange rate fluctuations, for instance. Many enterprises keep their money in demand savings deposit because it can then be used like a current account very easily. This money can be used instantly, and so it can be applied to the purchase of dollars at any favorable moment. Therefore, the ease with which savings deposits can be used for the purchase of dollars will disappear since the certificates will have definite maturity dates." [passage omitted]

Peru

Armed Stoppage Disrupts Public Transit System *PY2107035289 Lima Television Peruana in Spanish* 0100 GMT 21 Jul 89

[Excerpts] All labor, commercial, and education activities developed normally today, thus frustrating an intimidatory action by the Shining Path terrorist group that wanted to paralyze the city. It is worth mentioning that urban transport service was restricted as a security measure against possible attacks. However, the effective control exerted by the national police has prevented the terrorists from carrying out their attacks. Three of them were killed while trying to burn some buses.

The buses of ENATRUPEU [Peruvian National Urban Transportation Company] have operated normally, offering services on all Lima routes. [passage omitted]

The police had a difficult task patrolling the city to provide the necessary security for the people. Moreover, industrial activity developed normally regardless of the workers' difficulties in getting to their work places.

Garcia on 'Defeat' of Strike

PY2107152689 Lima Television Peruana in Spanish
0100 GMT 21 Jul 89

[Excerpts] President Alan Garcia today admired the responsibility shown by the Lima inhabitants who rejected the threats of terrorist criminals by going to work and sending their children to school as normal. He said that the media played an important role in this defeat to the terrorist threat because they did not yield to the desires of the terrorists and report on their activities.

President Alan Garcia made these statements following a 5-hour meeting of the Council of Ministers at Government House today. [passage omitted]

The Council of Ministers today evaluated the results of an alleged armed strike organized by terrorists. The interior and defense ministers said that the Armed Forces and the National Police have guaranteed internal control throughout the country, and also reported that industrial, commercial, and banking activities were normal in greater Lima. All stores opened early in the morning. [passage omitted]

[Begin recording] [Reporter] What do you think of the armed strike promoted by a terrorist movement?

[Garcia] I think that nearly all industrial and commercial activities in Lima were carried out normally. I think the citizenry has reacted responsibly to the threat of a strike by force; that is, a violent or forced strike.

I also want to comment on the media's role. In the same manner the media sometimes criticizes, it must now be noted that the media has acted very responsibly. The media has not echoed the criminals' claims; it has not given in to the wishes of the terrorists who yesterday caused disorder in some areas of greater Lima by setting a few buses on fire to prepare what they thought would be a total paralyzation of Lima. I think that the media has been very responsible, and Lima has therefore been quite normal today.

The police and the Armed Forces have been effective. Unfortunately, a few subversives have died. About 20 or 30 other known terrorists were also arrested for trying to disturb public order.

However, I think that thanks to the population's responsibility, the help of the media, and the quick action of the police forces, the situation was under control. [passage omitted]

[Reporter] Mr President, there is a problem that is particularly worrying the National Election Jury [JNE]: They received a bounced check from the government, thus annulling the possibilities of financing both municipal and general elections.

[Garcia] I think it is a groundless concern. Presidential elections will be held in April 1990, municipal elections on 12 November 1989, and regional elections in the newly created regions, at the same time as the municipal votes.

Much is being said about whether to hold elections or not. Any election is good in a democracy. Any election is positive. One can never say that this election will be carried out and this one will not be. It would be anti-democratic or totalitarian. Every election is positive when it is open and clean.

However, it has been said that there are not enough funds to finance them. To definitively solve this problem, the Council of Ministers has decided to order the National Bank to create a special individual account for the JNE. It will be account No 0115-89 JNE, 1989 municipal elections.

Thirty billion intis will be immediately transferred to this account to allow the JNE to work.

The National Treasury funds are normally deposited in the National Bank. All public institutions and companies withdraw money from there. Sometimes some companies withdraw money sooner than others, and then, when the rest come, they momentarily find no funds. This is what has happened lately.

In order to avoid this problem, we will open this individual account for the JNE for a specific purpose; that is, the November 1989 municipal elections. We will deposit 30 billion intis into this account even if the JNE does not use them until November 1989. But no one will be able to say that there are not enough funds.

Funds could be short for anything in a democracy, but never for an election. [passage omitted]

[Reporter] Mr President, won't it be confusing to hold regional and municipal elections at the same time?

[Garcia] Not at all. Thank you for that question. It is senseless to speak of confusion. All people in the interior know that regional governments are necessary to solve things that otherwise would have to be solved in Lima. [passage omitted] [end recording]

Uruguay

Foreign Minister on 'Excellent' Talks in Paris
PY2107142489 Montevideo EL DIA in Spanish
17 Jul 89 p 8

[Text] Foreign Minister Luis Barrios Tassano has said that the talks held in Paris by various presidents and foreign ministers attending the French Revolution bicentennial celebrations this past Friday were "excellent."

He added that the talks made it possible "to cultivate friendships and to better understand the positions of each country in a casual atmosphere."

He noted that the meetings allowed dignitaries and ministers "to learn about the problems of other countries."

As for the meeting between President Sanguinetti and British Prime Minister Margaret Thatcher, which he attended, Minister Barrios Tassano said that "it was very nice, constructive, and positive" and that, on that occasion, President Sanguinetti "explained the problems Uruguay is having because of its foreign debt and the added difficulties caused by the drought."

Mrs Thatcher, Minister Barrios Tassano said, "was surprised because she was not aware of these things. There should be some changes now toward our country, because she asked her aides to keep her informed on these matters so that she may cooperate as much as possible."

Minister Barrios Tassano then noted, "as a very special sign, the way the French authorities recognized President Sanguinetti among other developing countries' presidents. He was treated at all times with much respect and preference."

During the military parades that were broadcast to the world by the French national television network, President Sanguinetti was shown on the screen talking with President Francois Mitterrand seven times. Barrios Tassano recalled that "at all occasions, both in private and in public, President Sanguinetti was at the right side of Presidents Mitterrand and Bush."

Minister Barrios Tassano said: "I view the special way in which President Sanguinetti was treated as something more than what it means for him personally. I see it as a result of the great efforts made by our diplomacy abroad and as recognition for our foreign policy positions regarding international, regional, and national issues. Good sense and prudence have been the hallmark of our policy, which has earned for our country some sort of international respect that is shown to President Sanguinetti every time he travels abroad." He added that "we have been moved" by the way President Sanguinetti has been treated.

Barrios Tassano then said that the foreign debt issue "was brought up in all discussions with foreign dignitaries." He sensed that this issue is a concern for "both the debtor and creditor countries" and that "the major powers realize that they can help us."

U.S. Treasury Secretary Nicholas Brady, who spoke with Minister Barrios Tassano, said that "he is very enthusiastic" about the plan he is promoting, but recognized that "his idea would have been better understood" if another nation had by now supported the initiative.

Colorado Party Leads Preelection Opinion Poll
PY2207185889 Madrid EFE in Spanish 1629 GMT
22 Jul 89

[All figures as received]

[Excerpt] Montevideo, 22 Jul (EFE)—The Colorado Party now in government is leading the opinion polls 4 months before the presidential elections on 26 November, when seven candidates will run.

A drift to the right in the constituency of each party has been noticed in the latest polls, as well as a weakening of the left following the separation of the moderate factions within the Broad Front which has been headed by General Liber Seregni since 1971.

Two opinion poll agencies, with a small variation in figures, have found that the electorate prefers President Julio Maria Sanguinetti's Colorado Party, although by a narrower margin than in the 1984 elections.

A survey conducted by the U.S. Gallup agency revealed that the Colorado Party has 28 percent of the votes in Montevideo where half of the Uruguayan population of 3 million resides, while the National (Blanco) Party, the opposition's largest, has 17 percent. Undecided voters number 27 percent.

According to the Gallup poll, 14 percent of the electorate would vote for the leftist Broad Front, and 12 percent, for the centrist group made up of those who split from the left and two social Christian parties—the Christian Democrats and the Civic Union.

In the poll taken by the Equipos Consultores agency, which should be more reliable since it encompassed all cities and towns with more than 2,000 inhabitants, the Colorado Party leads with 36.1 of the votes, followed by the Blanco Party with 35.1 percent, the Broad Front with 15 percent, and the centrist group with 13 percent. [passage omitted]

Soviets To Try To Create Artificial Rain
PY2307024689 Madrid EFE in Spanish 0022 GMT
23 Jul 89

[Text] Montevideo, 22 Jul (EFE)—A group of Soviet technicians will try to create an artificial rain in Uruguay to end the 16-month drought that has caused a loss of some \$200 million in livestock and an electricity shortage because of problems in generating hydroelectricity.

According to Juan Alberto Garcia, vice president of the Uruguayan Rural Association, the government and producers have accepted the Soviet offer to create artificial rains, which could reduce the problems caused by the lack of rain.

According to sources from the Soviet Embassy in Montevideo, the technicians, who will be working in Uruguay during August 1989, have broad experience in this matter.

In addition to technical experience, artificial rain requires certain meteorological conditions that do not always occur, according to the sources, who stated that "success is not achieved in 100 percent of the cases."

The Uruguayan authorities and the agricultural and livestock producers have stated that "any effort to overcome the critical situation is good."

Correction To Article on Senator Batlle's Campaign
PY1807144689

The following is a correction to the item headlined "Senator Batlle Launches Presidential Campaign," published in the 18 July Latin America DAILY REPORT, page 69: first column, paragraph two, only sentence, make read: ...candidate Batlle offered Tarigo the opportunity to... (supplying dropped name Tarigo)

Venezuela

Perez Speaks on 'Face the Nation' 20 Jul
PA2207214189 Caracas Domestic Service in Spanish
0200 GMT 21 Jul 89

["Face the nation" news conference with President Carlos Andres Perez by national and foreign journalists at the Miraflores Presidential Palace in Caracas on 20 July—live or recorded]

[Excerpts] [Moderator] Ladies and gentlemen: This is the eighth news conference granted by the president of the Republic. [passage omitted] We will begin this news conference with a question from the dean of the Presidential Palace journalists, Lozada Rondon, of EL UNIVERSAL.

[Lozada Rondon] Good evening, Mr President. There are rumors about cabinet changes. Although I know from experience that presidents never like to predict the future, I would like you to tell us something about this issue—that is, if you are willing and able to tell us. In addition, I would like to ask you if the RECADI [Differential Exchange System] case and the case involving Argentine Economy Minister Rapanelli could damage relations between Venezuela and Argentina?

[Perez] The experience of our friend Lozada Rondon is reflected in his suggestion: He asks me if I am willing and able to tell you. My answer is that I am willing and able, but I have nothing to say. [Perez, journalists laugh] I spoke with Argentine President Menem. It was, of course, a very cordial meeting, but undoubtedly we were concerned over how an event taking place in the Venezuelan Judicial Branch could affect his government. He

understood this, and I explained to him what this was all about, that the government did not have any information to give him, because this was all under investigation.

I expressed my best wishes for a fully satisfactory resolution of this matter. This is what happened when we exchanged viewpoints. I offered to keep him informed about everything relating to this trial, which is being conducted according to the arrest warrant's orders issued by the judge. There is no possibility of our relations being ruined, because the facts of the matter are beyond the control of both President Menem and President Carlos Andres Perez.

[Moderator] Alfredo Alvarez, of EL NACIONAL, now has the floor.

[Alvarez] Good evening, Mr President. I would like you to comment on two issues that have caught the people's attention in the past 2 days. The first has to do with some official announcements to the effect that there will be a drop in agricultural production in the country. It is reported that there will be a 25-percent decrease in production, triggering speculation that there will be a sharp rise in the cost of staple products. Moreover, we have been waiting for a new influx of cash for a long time, which could solve the import problem. How do you respond to predictions that there will be a shortage of supplies by the end of the year, and, as a result, a highly explosive situation could occur? We would also like to know if your administration has implemented any measures to help relocate dismissed government employees, for we understand that a provision for this is contained in the government's current economic package.

[Perez] There is no doubt and we have never denied the fact that this first stage of the reorganization of the Venezuelan economy is difficult. Unfortunately, the agricultural sector is very weak within the framework of our economic and productive infrastructure and has suffered the impact of the situation we are experiencing. This has been quite obvious, and we have discussed this on several occasions. In 1989, that sector has faced difficulties, and there will certainly be a drop in production. It is too early to say how strong a drop there will be, because the sowing season is not yet over. A drop is expected, and the government is already adopting appropriate measures and is looking for solutions to this problem. However, we can guarantee that the people will have the products they need.

I am more worried about the drop in consumption than I am about the drop in production. Speaking in cold, economic terms, I would say that the drop in production will be compensated for by the drop in consumption. That is what will happen. Imports will not increase. However, this worries me, because it reflects a decrease in the Venezuelan people's buying power. EL NACIONAL reporter, my friend Alvarez, has said that we are talking too much. That is not true. We have fresh money;

the problem is that the money is tied up because Congress has not approved the additional loans and authorizations required by the Executive Branch.

I do not mean to criticize Congress; I do not like to blame others—that is a known fact. Congress has the right to ask for an explanation on how the funds will be invested. In addition, a political situation of this sort is common when the ruling party does not have a majority in Congress. However, Congress acted responsibly when the commission appointed for this purpose decided to call special sessions to approve these loans. These loans will help increase consumption; they will help lessen the anguish of the Venezuelan people.

As was reported on the radio this morning, I think about all those peasant families and those families in our neighborhoods and towns who are saying: President Perez offered us food programs; we registered our children for those food programs, to which we should have had access 2 or 3 months ago. However, the money is being delayed at Congress, and therefore we have not been able to implement that program. Unemployment is another serious problem, one which lowers the Venezuelan people's level of consumption. There are 20,000 million bolivares allotted for the creation of 170,000 jobs. All this will be solved; we must be patient. I am certain that in the next 15 days, Congress will allow us to begin those projects.

Now the other problem: Business groups, more than political groups, complain that the government demands greater sacrifices from the private sector, while the government itself is not sacrificing anything. Well, let us not confuse gymnastics with magnesia, [words that sound alike in Spanish], because they are totally different things. The government of course is committed—not only through its agreements with the IMF, but through its moral commitment to the nation—to reduce excess expenditures and to simply and straightforwardly reduce public expenses. This is true; we are doing it. We have frozen employment, which is the first stage in the struggle to eliminate layers of bureaucracy from public administration. However, we cannot viciously encourage government dismissals.

We are also cutting costs. The budget only includes a 30-percent increase over current expenditures, although we admit that as a result of the increase in costs and so forth, those expenses will be higher. That represents a considerable adjustment. Nevertheless, social spending has increased, because we will not carry out what is known as a neoliberal reform. We are making adjustments in our economy according to what the country needs. However, to compensate for adjustments that could lead to a recession, we are taking actions, such as implementing the food program and the employment plan, which are about to be approved by Congress. Are you pleased, my friend?

[Moderator] Cenobia Casas, chief of EL DIARIO DE CARACAS' international section, has the floor.

[Casas] Good evening, Mr President. Since there are no limits to the questions one can ask here, with no desire to monopolize this meeting, I would like to ask you three questions.

[Perez] One.

[Casas] First, Mr President, the Paris meeting: You were in France 1 week ago, and two important events took place in Paris—the seven industrialized nations held an economic summit, and there were celebrations for the 200th anniversary of the French Revolution. Mr President, it appears from the information we have received that the summit's results were not all that positive and did not meet expectations. The proposal for the North-South summit, which Venezuela jointly proposed with three other countries, was not very successful. Concerning the debt problem, the summit was not very successful either, because what the seven industrialized nations did was to ratify the Brady Plan. Last year, they ratified the Baker Plan. Therefore, I would like to know what Venezuela plans to do to promote the North-South dialogue. I would also like to know about the Rapanelli case. You said that this will not become a diplomatic incident.

However, the RECADI file and the Rapanelli case already seem to have diplomatic overtones—particularly given the fact that, much to our surprise, we read Argentine President Menem's criticism of the Venezuelan judicial system and judges, which he dared to release to the press. He said that Rapanelli's case is political in nature, and that, in this case, the Venezuelan judicial system is politicized. I would very much like to hear your comments on this case, because President Menem has even said—it appeared in a local newspaper today—that you are irritated with the situation.

Also, the Rapanelli case itself has led us to notice the large amount of arrest warrants that have been issued to foreign and local businessmen in the past few days. Local diplomatic sources are concerned about the effect of the RECADI case on future foreign investments in Venezuela, the possibility that foreign companies may leave the country, and how the case is being viewed abroad, particularly now when foreign investments are so crucial for Venezuela.

The case has also led us to wonder about problems in the judicial system. Today the justice minister discussed this problem in FEDECAMARAS [Venezuelan Federation of Associations and Chambers of Commerce and Industry]. Therefore, I dare to ask you what the chances are for urgent judicial reforms, now that you have the head of CÔPRE [Presidential Committee to Reform the State] here with you, who has discussed the urgent need for reform in the country. Thank you.

[Perez] Is that all?

[Casas] That is all, Mr President. [laughs]

[Perez, laughing] Well, I did not start off this news conference talking about Paris, although it was the site of an event that truly had special significance. It is not true that our expectations were not met. I did not leave the country saying that I would return like Julius Caesar. No, I said that it was a very important meeting because it gave Third World leaders the chance to meet and to talk with leaders of the great industrialized nations.

This is exactly what happened, and we managed to bring up at the summit topics that had foolishly been excluded. The first topic at the summit was the developing countries' foreign debt problem. This is very important, and we are not foolish or naive optimists. We know the problems we have to address; we know the industrialized nations' attitude. They have shielded themselves with their arrogant self-sufficiency; and the culture of exploitation and colonialism persists. According to that culture—which still continues to rule the world—there are consumer countries and there are other countries that only have the right to produce raw materials to be sold at the price which is most convenient for the consumer countries. That constitutes international injustice. We know that, but we do not have a belligerent attitude, because that would be pointless. We have to gradually overcome this situation, and that is what is happening.

The North-South issue had been virtually excluded from the official UN agenda since the beginning of this decade. Even though it was agreed that a dialogue should begin, no further mention of the issue was made. Now, for the first time at a North-South summit, a great world leader—French President Francois Mitterrand—presented a proposal submitted by four countries from three developing continents: Asia, Africa, and Latin America. There was no agreement, because the time was not yet right, but the problem has again been raised at an international forum. That is what we sought, and the summit marks the beginning of that struggle.

The Nonaligned Movement countries summit will be held in September in Belgrade, Yugoslavia. We intend to take strong action there. I tell all my fellow citizens: This is a long but decisive struggle, which we cannot give up for a single moment. That is what I believe, and my beliefs have guided my actions throughout my political career; that was surely one of the reasons why the Venezuelans trusted me and elected me president. Thus, I am pleased with what happened in Paris.

Regarding the debt, I have already said that it does not only involve the North-South issue, but also the Brady Plan, which is one of the most fruitful and just ideas to emerge from the industrialized world—specifically from President Bush's administration. That concept was formally and officially approved by the great industrialized nations. Will I say to my people that this has paved the way for solving the foreign debt problem? No, now is when it must all begin, because a great confrontation is

brewing between private and international banks and those countries' governments. The Brady Plan will work to the extent that the governments' political resolve prevails over their financial systems.

Meanwhile, we will be like the ham between two slices of bread. The banks will galvanize their positions against their governments, and we will have to pay the consequences. Mexico is an example. The press has announced many times that Mexico is about to sign the first agreement based on the Brady Plan, but it has yet to do so. I sometimes feel anguished and worried about the position in which this great and friendly homeland finds itself and about its future. Unfortunately, the world economic system has forced us to negotiate each case on an individual basis, and this only weakens our position.

Therefore, the road ahead is very long, and the negotiations will not be finished overnight. Our foreign debt negotiators will return today. A specific proposal was presented, asking that the Venezuelan foreign debt be reduced by 50 percent. That was our proposal, but we did not get an affirmative reply. We were given a counterproposal, which we do not find satisfactory.

This means that now serious negotiations have begun, and Mexico has been engaged in such negotiations for several months, but has not yet made significant progress. This is a process and a struggle we must pursue. The important thing is to persevere with determination and to face risks with dignity, calm, and firmness. This is the current state of the negotiations.

Regarding the Rapanelli case, of course I am upset, but not with the Venezuelan courts or with the Argentine Government. I am upset because Venezuela has been regarded as an obstacle to the political process, but neither we nor President Menem are to be blamed for this. I believe that we would be wrong in saying that President Menem's position is misguided. He is not passing judgment on the Venezuelan justice system. He said that he trusts the Argentine economy minister and that he has been informed by the Venezuelan Government that an arrest warrant has been issued against Rapanelli and is being appealed.

If it is said that our justice system seeks notoriety, engages in fantasies, or likes propaganda, I believe that we would have to admit in our hearts—and I hope this is not repeated abroad—that we are a little to blame for this because our media, which enjoys full freedom, engages in a lot of speculation. Sometimes one gets the impression that we live amid arrest warrants and injunctions against leaving the country—this country where the people can just walk anywhere, this country where it is impossible to control departures. Perhaps that could have been said in the days when ships could not go to La Guaira or Maracaibo and then sail abroad, or in the days when machetes were needed to open a path to Colombia or Brazil. Anyhow, this is the legal system we have.

The important thing is that this crisis presents a great opportunity for Venezuela to solve problems that have been harming and impeding our development. This is important. Our judicial system has never been questioned as it is being questioned now. It is being said that there are corrupt justices, that they exist in all parts of the world, and so forth. Today, for the first time, we understand that the country's judicial system needs to be deeply reformed in order to modernize it and to prevent stagnation—its present state. This is serious. For example, there is the problem of [words indistinct], of Dr. Nicomedes Zuluaga [not further identified], of Dr. Rapanelli. These problems must be resolved soon, but justly and without trampling upon the justice system. These problems cannot last indefinitely, because they create very dangerous expectations. They are either guilty or not guilty, but let us decide that relatively soon. This is what President Menem says. I respectfully understand the situation he is in, and I have told him that I am upset because there is nothing I can do to clear up the matter. He has never asked me to find a solution; he has asked that the case involving his economy minister be resolved quickly.

[Moderator] Ted Cordoba Claudi, who is making his first appearance as president of the Association of International Journalists, has the floor.

[Reporter] But did you not tell me that he could also be minister?

[Moderator, laughing] That too—the foreign minister of Bolivia.

[Cordoba Claudi] Mr President, I have two questions on a regional matter that is once again a current issue: Panama. The OAS has prolonged that country's agony by setting a new deadline. Meanwhile, there is no report on a suggestion for an ideal formula for a solution in Panama. Experts say that the OAS failure could ruin the prestige of some important Latin American politicians, including you.

[Perez] You mean Carlos Andres Perez.

[Cordoba Claudi] My question is: What would be the ideal solution in Panama? The Panama situation apparently is closely linked to Cuba right now. There is every indication that President Castro discovered the corruption in his government through Panama, and, as we know, he took rapid and exemplary measures. These measures have not produced much analysis on the continent, where many democratic presidents face problems of corruption but do not resolve them so expeditiously, I believe. Please comment on this.

[Perez] We should analyze the Panama situation. Unfortunately, high expectations for immediate solutions were created. We must truthfully acknowledge the existence of sovereignty.

If the sovereignty of nations is not respected, we would be entering a stage of terrible anarchy in the world. Despite everything, Panama has a government. It has a constitutional system, which we believe has been disrupted. There are others who believe that it has not been disrupted, but that is another matter.

However, the OAS, in its role as an international organization on this continent, can only participate in a friendly manner. It can only try to help restore democracy in this country, which has disregarded or annulled the election process. It is unfortunate that the withdrawal of General Manuel Antonio Noriega, commander in chief of the Panama Defense Forces [FDP], was demanded before solutions were sought. This is a demand that no one should make of Panama, regardless of one's opinion of the FDP commander in chief. However, we can help in efforts to promote the establishment of constitutional and legal provisions to hold direct elections with secret ballots so that FDP regulations establishing the rotation of military chiefs—just as happens in all our countries—can truly work.

The media reported a retirement ceremony for FDP officers. At this event, Noriega said that not even he was exempt from retirement. What I mean is that we should not expect things to happen too fast. We must cooperate with the Panamanian people, which means demonstrating the democratic solidarity that the OAS Charter and our Constitution demand from us. There must be a transfer of power, through democratic means. All legal provisions regarding the military structure and institution must be complied with.

I think that the OAS has proceeded cautiously. We should not hasten our actions, because we would find ourselves dangerously intervening in that country. We must recall that in Panama, Latin Americans have something else to defend: the Panama Canal Treaties. In the past, I played an important role in the resolution of such problems. I have very fraternal ties with Panama. I am very worried about what has been happening. Unfortunately, the Bush administration inherited a bad situation regarding Panama. However, Latin Americans have taken this problem into their own hands. Perhaps for the first time in the history of our relations with the United States, the U.S. Administration accepted this very calmly. The OAS is now handling this matter without any pressure.

I have said very clearly that we are seeking to democratize the Panamanian political process, and I hope that the elections will be held so that on 1 September—when the constitutional term of the Panamanian elected officials ends—a stage can begin that will lead to the Panamanian opposition's recovery of its full rights. This way, power can be transferred into the proper hands, according to the Panamanian people's sovereign will. This is what has been very specifically proposed.

I praise Cuban President Castro's decision to deal directly with the drug trafficking problem. I think that his decision should be broadly supported by everyone, particularly by Latin Americans. I disagree, however, with the death penalty. I do not think that there are judges or authorities who can fairly apply this penalty. This is why I regret that Cuban citizens have been executed, regardless of the nature of their crimes. However, this is a different problem. We have, however, no reason to doubt Castro's sincerity in dealing with the drug problem. Satisfied?

[Moderator] It is now REUTER correspondent Jetran's turn.

[Jetran] Mr president, would you comment on the kidnapping of your father-in-law?

[Perez] Not my father-in-law, my brother-in-law. [Perez laughs] I have always maintained that kidnapping is one of those abominable terrorist crimes, because it creates a situation of intimidation and is the most flagrant violation of human rights. Unfortunately, this happened in Colombian territory; my brother-in-law has been residing in Cucuta for many years. Thus far, there has been no trace of him or any more news. We are very concerned, but also confident about the way in which the Colombian Government is investigating the case.

By the way, something important just happened: An individual who was kidnapped at the border area has just reappeared. He was kidnapped in Colombia, and did not reappear in Colombia, but in Venezuela. Regarding border crimes—regardless of whether they involve drugs, contraband, common crimes, or terrorist crimes such as kidnappings—if we fail to establish a broad system of cooperation between the investigation and intelligence police networks among neighboring countries, we will only make national sovereignty an instrument of the criminals' deplorable game. I believe that this situation between Venezuela and Colombia should lead us to sign agreements and to establish efforts to jointly handle border crimes. [passage omitted]

[Moderator] Noris Mata, political editor of the newspaper 2001.

[Mata] I would like to ask three questions. First, I would like you to elaborate on your brother-in-law's kidnapping. During your first administration, you determined that ransoms should not be paid in kidnapping cases in Venezuela. It now happens that a relative of yours is involved. For ethical reasons, and based on precedent, you cannot allow payment of ransom; but, because of this, you will face serious problems with your own family. How will you solve this problem?

Second, yesterday a deputies commission from the congressional comptrollership commission—pardon the redundancy—addressed the tribunal of social and constitutional guarantees to report that Finance Minister

Eglee Iturbe is hindering the RECADI investigation by denying congressmen access to RECADI archives, which Government-Appointed Administrator Eva Morales is in charge of. Mr President, do you not believe that this could lead the public to believe that the government is interfering in the investigation? I would also like to know what your government plans to do regarding the issue of doctors holding three positions concurrently within the same working hours, and who are allowed indefinite vacations with paid leave at the Social Security Administration.

[Perez] I have nothing to add regarding the first question; my position is very clear and widely known. I have certain duties as head of state, which I will not alter because of personal matters. Therefore, there is nothing more to add. I am absolutely opposed to ransom payments, and I will not allow anyone to pay a ransom if I can help it.

That is not the case here, because we do not even know who kidnapped him or why he was kidnapped. My position is very firm and clear, and I will not change my position, because I believe that this is a matter of ethics, which a head of state must uphold.

As for the other issue, I would like to say that this is the type of information that is reported incorrectly. I believe that if the newspaper article is studied in depth, the reader could tell that our dear friend failed to give all the details. Congress has the unlimited right to investigate and to request any document, and it will stay that way. However, we cannot just allow any person who says he is a Congress technician to stick his nose in the files. The commission's president must say: We need or we request such and such a document. That was all that happened, and it was clearly explained before the debates took place in Congress by the finance minister and the Chamber of Deputies president precisely here in Miraflores Palace, when congressional commission members visited us to announce the beginning of the special sessions of Congress.

Therefore, the government has always had its doors open. There is even more—and this is something that probably was not extensively covered. Several months ago, the finance minister, following my instructions, asked a judge to be in charge of the RECADI files. The government wanted the files to be under the protection of a judge. The National Guard would also provide security for those files. The judge agreed, but he said that first an inventory must be taken. This inventory has still not been taken. Therefore, the government wanted the files to be in the hands of a judge. We have responded to the situation by taking these actions.

The doctors issue is regrettable. A decision has already been made. This decision was not made to impose our authority, but to enforce the law to prevent an important service, health service for the Venezuelan people—and especially for poor Venezuelans—from being cut off as a

result of a conflict with the doctors. The decision was made in accordance with the law, and it should be complied with. I will not make any further comments on the matter, but I would like to stress that in the conflict with Social Security, the government was not defending the budget money, the money from the Treasury; it was defending the workers' money, because doctors are paid with the workers' contributions. The money given to doctors had to be subtracted from medical services and pensions. [passage omitted]

President Perez Closes 45th Annual Conference
PA2307164989 Caracas Domestic Service in Spanish
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[Speech by President Carlos Andres Perez to close the 45th annual meeting of the Federation of Chambers and Associations of Commerce and Production in Caracas—live]

[Excerpts] Eddo Polesel, chairman of the Federation of Chambers and Associations of Commerce and Production [FEDECAMARAS] board of directors, board members, President Hugo Fonseca, governor of the district, ministers of the cabinet, national and regional authorities, Your Excellency bishop of the diocese, delegates to the 45th FEDECAMARAS convention, ladies and gentlemen:

In 1988, as a presidential candidate, I attended the annual FEDECAMARAS national assembly to state the guidelines my government would follow if I was elected president of the republic. I am here today to confirm what I said then.

I can tell you that the people know that the differences that exist between that which I proposed and that which I have fulfilled are not the outcome of the vicious practice of promising much and doing very little or, worse yet, of promising one thing and doing the opposite. I did not resort to demagoguery to obtain the Venezuelans' votes. [passage omitted]

A concerted effort is a process by which a strategy for Venezuela's political, economic, and social reorganization is adopted, and all the sectors and factors contribute to its fulfillment. The government cannot and does not want to avoid its policy-establishing duties, but it must consult with other sectors to better define those policies, and it requires a concerted effort to satisfactorily apply the policies adopted. A concerted effort is also necessary to make the corrections that a broad and democratic government must never decline to make.

The recently signed concerted effort agreement constitutes a basic achievement for Venezuelan democracy. It has been said that the agreement is very broad, but it has to be broad because it is the framework within which disagreements and conflicts among the country's leading producers will be dealt. The concerted effort agreement is a slogan for our entire society. It suggests that the

diverse and opposing interest groups found in civilian society must manifest their patriotic resolve to seek appropriate paths to minimize and adequately solve conflicts.

Such an agreement reveals considerable maturity on the part of business and labor union leaders, because it expresses their willingness to make every possible effort to reach agreements during this difficult hour for the country.

A concerted effort does not disregard conflicts, nor does it disregard those demands each sector deems fair. A concerted effort is a path through which disagreements can be channeled, and it demonstrates that differences need not lead to dangerous confrontations. A concerted effort reveals the existence of the basic institutional awareness that will be needed during the most dangerous phase of the great turnabout that Venezuela needs. This is my view of a concerted effort. [passage omitted]

We are undergoing the most important transformation ever suffered by our society so far this century and this is not rhetoric. The transformation is being personally felt by each and every Venezuelan; they are experiencing, witnessing, and suffering it in the initial stages. We are not talking about the changes that will occur or that may eventually occur. We are talking about new and significant events that are now part of our lives. We are talking about specific realities that are quickly changing and affecting us all in a decisive way.

Consequently, I believe that the occasion is appropriate for a serene and reflective explanation that will help clarify our outlook in the short-term, middle-term, and long-term. I even dare say that the most significant transformation currently taking place in Venezuelan society—a transformation that will result in many other changes and reforms—is the transition, sometimes very painful, from an economy of distribution and abundance to an economy of production and scarcity. This is the transition from a society that was able to settle all its conflicts due to an increasingly bigger income to another society that must now learn to live by rigorously and critically evaluating the appropriation of resources on a daily basis.

The great transformation currently taking place is the one that goes from a revenue collector to a producer, from a business representative to a true businessman. The transformation currently taking place goes from a closed, over-protected, monopolizing, and vastly insufficient economy to a much more open, competitive, and productive economy. This is the essence of the transformation currently taking place within the Venezuelan economy. [Passage omitted]

The first and absolutely necessary step to overcome the crisis is to fully recognize the vices and mistakes with which we have been working. We must acknowledge and decisively counter what economists sometimes call the

structural deformations of our economy. We must obviously be capable of recognizing and correcting the most worrisome problems, but we cannot let it go at that—unless we want to risk a short flight. We must overcome the situation and tackle the worst problems that afflict our economy. We must go to the root of the problem if we want to solve it. [Passage omitted]

We admit that we reached a point where the lack of macro-economic equilibrium prevailed in the Venezuelan economy. There was lack of equilibrium in the country's external accounts, the public sector's budget, the monetary market, and the prices of our assets and services.

To deal with the serious balance of payments problem we have had a deficit of billions of dollars over the past 3 years. We entered an intense process of negotiations with international financial organizations—multilateral as well as private. Negotiations with the IMF and the World Bank have been held under conditions more favorable for Venezuela. We succeeded in dispelling the prevailing mood of pessimism in which it was practically impossible for us to get fresh funds. Of course, our basic goal is not to obtain new loans. We would increase our debt that way. We must obtain better conditions on servicing the foreign debt. The fundamental purpose of our negotiations is to obtain a total reduction of our debt, rather, a substantial reduction of the total foreign debt. We think this is possible, although we know the negotiations will be very hard and complex.

The industrialized nation's major government and economic institutions have become convinced that the foreign debt is a political problem, which, therefore, must be negotiated. They realized the unadvisability of trying to make our economies adhere to innumerable restrictions to service the interest payments and amortize capital in truly overwhelming amounts. However, the understanding we have attained is still far from being a political commitment that would convince the international banking system, which has been exerting heavy pressure on debtor countries by handling each case alone at the banking cartel.

We will not give up. Nor will we hide problems. Nevertheless, our struggle, stubbornness, and perseverance have been successful in facing the indifferent attitude with which a developing country's foreign debt was regarded. We are already seeing clear and specific results in what constitutes an important change or shift in public opinion. Yesterday, our negotiators presented our proposal [to our creditors], which started off with a request—based on solid and specific arguments—for a 50-percent debt reduction. The banking sector was not receptive to our proposal. The banks' counterproposal is not even worth considering.

Yet, that happened yesterday. Today, THE NEW YORK TIMES carries an editorial on the matter. It reads: Early this week, Venezuela submitted a debt reduction proposal to creditor banks. A few hours later, the banks

flatly rejected it. A few lines down it adds: Secretary Brady has the tools to save the plan. He can at least undermine the banks' stance by declaring the Venezuelan proposal a solid base for negotiations. However, that is not enough. The United States, together with the IFM and the World Bank, can announce there will be no international guarantees to any bank holding Third World debts unless all banks unite to try for significant reductions of the foreign debt. The policy of stoning debtors would not, therefore, be rewarded.

This is what today's THE NEW YORK TIMES editorial says. It should make us feel satisfied because it shows the road we are treading along is hard and rocky, but we will make headway, and every day we will get more support to achieve the just objectives we seek. We must understand that there is no chance of overcoming the problems we are facing with the help of domestic policies alone, regardless of how well designed they may be. The historical experience of other countries in Europe and Asia that faced similar difficulties tells us so.

A country cannot progress satisfactorily if there is foreign pressure as brutal as the terms under which the foreign debt is being collected. We must continue working toward a growing understanding with the other Latin American countries. We are not heading toward nor do we want a confrontation, but we must increase our power to negotiate. [passage omitted]

Obviously, our foreign problems do not end with the foreign debt issue. It would be dangerous to view our foreign affairs problems in that way. Our most serious limitation continues to be the nature of our economy, which depends on the exports of a single product. The truth is that despite much criticism and many studies and efforts, the Venezuelan economy continues to depend on oil exports to an extremely large extent. That is why we are determined to foster nontraditional exports. That is one of the great strategic moves of the Venezuelan economic program. We require specialization. We must become increasingly efficient. We must compete in the international market. We must be part of the world's technological revolution. [passage omitted]

Another imbalance we are confronting is that of the public sector. We have accumulated deficits over the past few years. There is no question that the excess government spending over revenues is a disturbing inflationary factor and that this maladjustment has been at the core of every failure to implement adjustment programs in Latin America. [passage omitted]

We are determined to reduce our deficit to no more than 4 percent of the gross domestic product this year. It is neither possible nor advisable to try to reduce it further, because we would cause a very deep recession in our economy. The serious social problems, worsened by our economic adjustment program, force us to increase social expenditures. It would not be sensible to try to go

from an overwhelming deficit to a completely balanced budget. The social tensions that could result from such an action would make our economic program impossible. [passage omitted]

It is true that some governments avoid trying to reduce the public deficit both because they do not want to decide how will they distribute public expenditures and because there are always loopholes that let governments postpone solutions until their successors come to power.

We cannot continue with that firmly established and irresponsible practice. That would be incompatible with our firm determination to change the course of society and with our desire to reorganize the economy.

One of the essential elements of our economic policy is the reduction of the fiscal deficit. The government is fully aware of that goal. The government is absolutely determined to achieve that goal. Thus, it is not fair to say that the government is not making the necessary efforts. The problem is that although regular public expenditures have been reduced in real terms, we had to pay off hidden debts contracted for and dragged along over the past few years. Our government decided to bring those debts into the open and pay them off in 1989 with additional fiscal revenues.

The government's decision to pay off what it owes to its employees, contractors, and purveyors explains to a large extent the sum of the additional 1989 budget and the additional loans to which FEDECAMARAS President Edo Polecel referred.

Likewise, we have ordered severe austerity measures in public administration. Those measures include the freezing of public posts, the reduction and elimination of indirect subsidies, elimination of superfluous expenses, and the completion of a processes of dissolution of public and financial institutions while increasing direct subsidies for social programs.

The reduction of the fiscal deficit includes various requirements. A dictatorship could reduce expenditures without taking into account any criteria except for that of the despotic parameters of its policy. Within a democratic system, an austerity policy must take into account recession. A reduction of public expenditures means employment reduction, a reduction in the number of government contractors, and a reduction of subsidies among other things.

Such factors cannot, however, hinder the implementation of a firm austerity policy, but their existence cannot be ignored either. Thus, we must implement a firm deficit reduction policy within the framework of our concerted efforts. We cannot hesitate, because what is at stake is the success of our economic program. Just as we

have not committed any abuses, we cannot hesitate either. The fiscal deficit is an inflationary factor that must disappear. We are committed to making it disappear.

We have issued serious and effective austerity measures, but these are not enough. Based on the conviction that by 1990 we will have substantially reactivated the private sector, we will at that time cut the size of the government bureaucracy by 10 percent." [passage omitted]

It is not very clear now where to make a division between what should be the state's economic sector and what could be handled by the private sector. New ideas are in order, without this meaning that we must dismantle the economic role of the state. Therefore, we are promoting the expansion of the private sector, not only with the participation of the consolidated economic groups, but also with the small and medium-size industries, as well as with labor and professional groups in enterprises that the state has promoted or that are in their hands.

Privatization is not the result of ideological rectification, but rather the consequence of a rationalization that we plan to do to modernize Venezuelan society. This a process that we are strongly promoting, and we only wish to have sufficient guarantees so that the nation will not feel that this is like the traditional prey of distribution of public resources. Just as it is advisable that we recognize a legitimate and growing field for the economic activities of the private sector, it is also important that the country realize that what is entrusted to the private sector is being handled in a proven and efficient manner. This will mean marching firmly toward a more professional public administration, at the level of management. Management that is not affected by bureaucracy will guarantee both public and private sectors that it will watch over the general interests of society. [passage omitted]

Friends and businessmen, I wish to conclude by telling you sincerely that my government hopes and expects you will be a basic factor, together with the workers, in this

tremendous endeavour of recovering Venezuela. [applause] For a long time, you have been demanding more space so you can have freedom of action. You now have it. You must show that you are worthy of this demand you have made for such a long time.

I will feel very honored for having contributed to opening a space for efforts and hopes. Let us get to work, dear friends and businessmen.

Suriname

Peace Talks in French Guiana Extended
FL2107183789 Paramaribo International Service
in English 1730 GMT 21 Jul 89

[Text] The peace discussions which are being held in Kourou, French Guiana between the government's delegation and the delegation of the terrorists has been extended into a fifth day.

Both parties had yesterday afternoon not reached an agreement on the final conclusions. It appears that the so-called jungle commando of Brunswijk wants to place concrete points on paper which will have to be realized in a certain time limit. On the other hand, the government's delegation is in favor of a more general formulation of the final document. According to reports from French Guiana, discussions held yesterday did not go smoothly. There is a difference of opinion, especially on the question of the position of the terrorist gang, after peace has been achieved. Terrorists refuse to surrender their weapons and want to be added to the police force.

In the meantime, a drafting committee has been appointed which will work on the formulation of the final conclusions. This committee includes representatives of both the government delegation and the terrorist gang. Despite the slow pace of the talks, both delegations hope that today, the fifth day of the negotiations, an agreement can be signed.